



THEEWATERSKLOOF MUNICIPALITY ANNUAL REPORT 2008/2009

**COMPILED IN TERMS OF SECTION 121 OF THE MUNICIPAL
FINANCE MANAGEMENT ACT (ACT 56 OF 2003)**

CONTENTS

CHAPTER 1: INTRODUCTION AND OVERVIEW	
Overview of Executive Mayor	3-5
Overview of Municipal Manager	6-7
Audit Committee Comments	8
Mayoral Structure	9
Management Structure	9
Overview of the Municipality	10-11
Executive Summary	12-13
CHAPTER 2: PERFORMANCE	
Client Perception and Expectation Survey	15-18
DIRECTORATE: OPERATIONAL SERVICES	
Water	19-20
Sewerage	20-21
Roads	21
Electricity	21-22
Solid Waste	22-23
Environmental Management	23
Disaster Management	23
Fleet Management	23
Additional Highlights	23-26
DIRECTORATE DEVELOPMENT SERVICES	
Housing/Human Settlements	27-28
Property Management	29-30
Town Planning	31-33
LED	34-35
IDP	36
DIRECTORATE DEVELOPMENT SERVICES	
Council Support	37
Legal Advisory	37-38
Administration	38-39
Information Technology	39
Valuations	39
Human Resources	40-41
DIRECTORATE FINANCE	42-43
Service Level Backlogs	44-45
CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT	
Organisational Structure	47
Governance	47
Leadership	48
Human Resource Management	48-49
Human Resource Development	49-53
CHAPTER 4: AUDITED FINANCIAL STATEMENTS AND RELATED INFORMATION	
General Information	55-56
Report of the Auditor General	57-62
Managements Comments	63-68
Statements	69-72
Accounting Principles and Policy	73-88
Notes on Financial Statements	89-116
Appendix A	117-118
Appendix B	119-120
Appendix C	121
Appendix D	122-123
Appendix E	124-126
Appendix F	127-131
Rates and Services Debtors Statistics	132
CHAPTER 5: FUNCTIONAL SERVICE DELIVERY REPORTING	
Directorate Corporate	134-137
Directorate Development	138-146
Directorate Finance	146-152
Directorate Operations	153-167

CHAPTER 1

INTRODUCTION AND OVERVIEW

The Annual Report is compiled in compliance with the Local Government: Municipal Systems Act, Act no 32 of 2000 (Section 46) and the Local Government: Municipal Finance Management Act, Act no 56 of 2003 (Section 121).

It aims to provide the reader with an insight into the activities of the municipality during the past year.

OVERVIEW OF THE EXECUTIVE MAYOR



EXECUTIVE MAYOR, ALDERMAN CHRIS PUNT'S FOREWORD TO THE ANNUAL REPORT OF THE THEEWATERSKLOOF MUNICIPALITY FOR 2008/09

Last year, in my introductory remarks in the annual report of Theewaterskloof Municipality, I referred to the progress made by this local authority since the current council took office in 2006. What pleased me then was the political stability on council and the positive effect it had in creating a sustainable administration and the means and dedication to serve the people of Theewaterskloof to the best of our abilities.

I referred, with substantial pride, to our collective efforts and effectiveness to resurrect the municipality as a service provider and an effective organ of third tier government.

In the previous years we served our constituency with the restoration of municipal structures, infrastructures, management, financial development, general growth and effective governance. In the annual report of 2008/09 I said that I was glad to be the messenger of good news as we were able to confront and succeed with some of the most daunting municipal challenges. We indeed bridged the gap between mediocrity and supremacy, failure and success.

I said that at the beginning of 2009/2010 the municipality was ready to function as a growing and sustainable local authority. I am glad to say that I was right and this year we indeed covered some more ground to take the municipality to the brink of being the most effective and efficient local government in the Western Cape. Once again, in regards to most of the proceedings of 2009/2010, I am the bearer of the good news that matters progressed even more rapidly in Theewaterskloof Municipality and that the local government had become a government organ of excellence.

As the Executive Mayor of this fine government entity, I base my commitment to the Theewaterskloof Municipality on the powers and functions of local municipalities as articulated in the Constitution of the Republic of South Africa (Act 108 of 1996): Sections 156 and 229; the Local Government: Municipal Systems Act (32 of 2000); and the Local Government: Municipal Structures Act (117 of 1998): Chapter 5 Sections 83 - 84.

In pursuing our mandate in terms of the referred to legal documents we made specific progress with fine tuning several critical functions, especially those aiming to spiral the democracy down to the people, with policies, strategies, by-laws, procedures and protocols. In this regard I should, amongst others, make mention of the:

- Extended Town Management System and the decentralisation of key municipal services and functions to the towns of Riviersonderend, Greyton/Genadendal-area, Villiersdorp, Caledon/Botriver-area and Grabouw. The Town Management System facilitated town specific services, extended municipal involvement in the various towns, advanced community participation and the broadening of the democracy.
- Extended community participation and participative governance through amongst others the Town Management System, Service Level Agreements (SLA), Ward Committees, Local Economic Development (LED) processes, IDP processes, Imbizos and Budget processes. In regards to SLA's I must mention that this is probably the most advanced municipal mechanism to ensure that communities articulate their needs and co-manage the delivery of municipal services. Theewaterskloof Municipality embarked on the SLA methodology to secure a network of agreements between the authority and clients as to marry realistic client needs and municipal service delivery abilities and capacities.

- Extended Local Economic Development (LED) in context with LED objectives identified by the municipality and the people. I value the municipal LED as in the public participation process of the drafting phase of the integrated development programme for 2009/10 the public, the business, development and all other sectors suggested that local economic development is the most critical tool to develop the municipal area and towns in the Theewaterskloof. Recently the Municipality introduced its LED approach at a summit, attended by primary economic, development, statutory and government stakeholders. The municipality took cognisance of the public's preferences and requirements for local economic development and the document is being finalised as I write. Once concluded the LED strategy will set the pace for uplifting the economy to alleviate poverty through opportunities and job creation.
- Extended IDP with the full cooperation of the public. I am pleased to confirm that the IDP for 2009/10 came about as a result of intense interaction between the town administrations, the corporative administration and the public. The extent of community participation allows me to refer to the existing IDP as a document expressing the needs and will of the people of the Theewaterskloof.
- People's budget. As with the IDP and several mayor developments the budget is the result of hard core interaction between municipal organs and the public. The budget is the result of high levels of public participation. More than ever the budget for 2009/10 reflects the IDP and the needs of the people. Due to this I take the liberty to refer to a people's budget.
- Initiatives to contribute towards community life, sport and recreation. The municipality and relevant communities succeeded to negotiate R1Million from the provincial government for the upgrading of the sport grounds of Botriver and Grabouw. Each of these facilities will receive R500 000.
- Through interaction with the Development Bank of Southern Africa (DBSA), the municipality negotiated an allocation of R5,600,000-00 for tourism development in the Theewaterskloof. The municipality believes that Theewaterskloof is a tourism destination of excellence and will now create the necessary structures to develop this sector of economy. I believe the development of tourism will facilitate an unique socio-economic and welfare upliftment in Theewaterskloof as it will redress the legacy of poverty and replace it with jobs, income and opportunities.
- The development of communication channels with the constituency. Due to the restoration of the municipality since 2006, communication did not receive critical attention. We set this right and as I write the authority is developing an extended communication strategy to address the following objectives: To create functional and sustainable communication in terms of legislative and internal policy requirements; to facilitate communication to ensure that the holistic and multi natured clientele is informed of the real state of holistic municipal affairs; to develop and utilise communication as a successful tool to nullify politically based disinformation in the run up to the 2011 municipal elections; to develop and manage a viable and sustainable municipal communication structure, to identify and involve communication role players and partners, and to develop multi levelled understanding and open end and multi directional dialogue.
- The upgrading and advanced maintenance of infrastructures to operate on full potential to allow the municipality to address the entire services needs of the people. I do believe that service delivery was better and more functional than before and that nobody was denied their basic human rights in this regards. In the process the municipality guarded over the needs of the poorest of the poor.
- The development of intergovernmental relations as a cornerstone for good and holistic governance. Theewaterskloof Municipality is making substantial contributions to strengthen holistic governance through sustainable mechanisms such as the District Integrated Forum (DIF), DIFTech, Provincial Advisory Forum (PAF), PAFTech and LGMTech. Based on the principle of shared services, knowledge and experience this municipality is sharing high level know how and expertise with other organs of state and government levels.
- Successful negotiations for government development funds for the poorest of the poor and especially in regards to the Equitable Share Grant for poverty alleviation through the subsidising and provision of basic services.
- Increased debt collection through the continued implementation of the municipal credit control policy.
- Optimal utilisation of the Integrated Housing Funds.
- Refining the administration to one of excellence with a high degree of efficiency. Continued restructuring on macro and micro levels ensured efficient and quality services to communities.

In addition to the said highlights of the 2008/09 year I must refer to the municipality's increasing ability to deliver on its legal and policy mandates. I dedicate my praises in this regard to hard and clever work and a collective will to improve the lives of all the people of the Theewaterskloof. The general response from the public, as confirmed by the recent national and provincial election results, is appreciation and a mandate to continue with the good work.

All in all 2008/09 was a good year for the municipality and the people it serves and against this background serious questions should be asked to those who publicly declare an intension to destabilise the entity. It saddens the municipality that certain people, with hideous political agendas, are intent to damage the municipality with disinformation and unfounded perceptions and allegations. As a result we had to deal with several false acquisitions such as the rumour that water provision to households of default debtors was suspended. This is not true as water was decelerated after numerous attempts to gather debts. At all times the relevant households received the legally prescribed volumes of water. The motives of senior politicians, who seemingly support the spreading of disinformation, are diabolic and clearly politically motivated.

However, to those who believe that they can destabilise the municipality with lies and populism I want to assure that they will not succeed. The recent elections showed that the people will not be fooled and that they are sufficiently convinced by the good will of this municipality to distinguish between lies and truths. I also want to give the assurance that the municipality will not sacrifice good principles and sustainability for short lived populist reasons. In 2008/09 the municipality emphasised its intension to uphold good governance and to do everything possible and legal to maintain financial stability.

The Annual Report for 2008/09 was compiled in terms of Section 21 of the Municipal Finance Management Act (Act 56 of 2003). I am proud to say that the document gives an excellent overview of the state of affairs of council and the administration. It gives specific insight in the various directorates and functions of the municipality. It deliberates about functional service delivery and the financial state of affairs of the municipality. The report creates a platform for 2009/10 and the future and indicates that, due to innovative thinking and the sensible utilisation of limited resources, growth and development is possible.

The continued growth and development of the Theewaterskloof as a financial viable, service delivering and sustainable third tier government was brought about by council and the administration. I subsequently extend a word of thanks and appreciation to my fellow councillors, the executive mayoral committee and others.

I appreciate the dedication, expertise and leadership of the Municipal Manager. Thank you also to the heads of departments and the personnel. Thank you all for your continued support and co-operation.

Thanks and Praise to our Heavenly Father for His guidance. Without him nothing would have been possible.

Alderman Chris Punt
Executive Mayor
Theewaterskloof Municipality

OVERVIEW BY THE MUNICIPAL MANAGER



The first two years of the current term of the Theewaterskloof Municipal council and administration was marked by a thrust to create stability, high levels of corporate governance and institutional capacity.

The administration was privileged to operate in a municipal environment, marked by exceptional political stability and unity. We salute the Mayor, the leadership of the coalition partners and the opposition party for remaining focussed on matters of extreme importance and interest to all the people living in Theewaterskloof.

We succeeded to transform the administration from a highly centralised, reactive and short term focussed organisation into an entity who concentrated on the task at hand. The focus shifted to deal with cause rather than symptoms.

The aim was set on pro active medium to long term solutions and strategies and the decentralisation of operations, as to enhance municipal interaction with customers, consumers, rate payers and other stakeholders.

This resulted in a dramatic improved capacity and the filling of all key professional and managerial positions. Training and development were key objectives and our partners and municipal beneficiaries can rest assure that the administration is capable and empowered to deal, competently, with future challenges.

It is notable that we obtained an unqualified audit report for only the second time since the inception of the municipality.

This motivated us to improve administrative excellence and indicated to us that the efforts, to establish high levels of corporate governance, were successful. We succeeded, this year, to shift the focus to improved service delivery, Local Economic Development (LED), longer term planning and to create a performance driven work ethic, culture and environment.

We established a directorate with the capacity to specialise in day to day service delivery. This directorate possess the ability to operate in accordance with a five year plan to improve service delivery to levels defined by the municipality, communities and other key stakeholders; and as articulated in a range of Service Level Agreements (SLA's) that will be finalised in the 2009/10 year.

Substantial progress was made to position the Municipality as a preferred tourism destination. Efforts in this regard were noted by the Development Bank of Southern Africa (DBSA), who became a primary financial partner and sponsor; the South African Local Government Association (SALGA); the tourism industry within Theewaterskloof; those from elsewhere; and the media, as an important marketing and promotional partner.

The good news from 2008/2009 is that the downward spiral, of many years, had been halted and that an upward and development momentum had been established.

The bad news are, that despite all the hard work and effort to establish a sustainable, effective and successful municipal service provision institution, their still lies a mountain of challenges ahead.

We subjected our towns to internal evaluation and despite a hefty criterion one of the Towns obtained a silver rating which accounts for an efficiency percentage of 70-79%. Measured against the current state of the Theewaterskloof Municipality, this is regarded as above the norm of satisfactory standards. Two towns received green ratings that constitute satisfactory performance and service delivery standards. The remaining two met the minimum standards. Progress was made in context with town management but a lot remains to be done.

Infra structural and bulk services upgrades, replacements and expansions are expected to cost in the region of R400million over the next five years. Our indigent population is increasing and the current economic crisis is impacting on the ability of consumers and ratepayers to carry the municipal financial burden.

Financial viability of the Municipality remains the single biggest obstacle or threat for the achievement of exceptional levels of service delivery and the required development and maintenance of municipal infrastructure and assets.

We need to become even more creative in finding new solutions for the challenges we face. To create additional capacities and improved financial viability we need to develop partnerships with the business community, financial sponsors and other stakeholders.

Central and Provincial governments need to take note of the financial difficulty facing and threatening the local government sector. They need to find or design new and more appropriate models of financing of local governments, as to enable the latter to address the challenges it faces.

Given a narrow income base and inadequate funding of municipalities, we understand that it will take time, in fact much longer than we anticipated, addressing backlogs in infrastructure; and to develop acceptable levels of financial viability and to improve service standards to levels, beyond the most basic.

The initial intention to achieve high levels of service delivery, financial viability and infrastructure will not be fully achieved in the current 5 year term.

However, we need to continue putting the fundamentals in place, as to develop longer term sustainable solutions and strategies and to establish a performance driven culture and environment. Such efforts will bare dividends in three to four years time and will create a good platform for the third term of this municipality.

We must create a situation for those who follow us to focus more freely on the future and implementation of what we are now strategising, developing and implementing. We must protect them from spending time to resolve the wrongs of the past and to do preparatory work.

Thanks to the Executive Mayor and his committee, as well as the caucuses of the other parties on Council for their inspired leadership and support during the past year.

I acknowledge and applaud the work of my directors, their teams and the ward committees.

I thank all stakeholders, partners and others who supported and assisted us in 2008/2009.

Thank you to the communities for their understanding and active support and assistance in our attempts to develop the Theewaterskloof Municipality as a service provider of which that we can all be proud of.

Stan Wallace
Municipal Manager
Theewaterskloof Municipality

AUDIT COMMITTEE COMMENTS

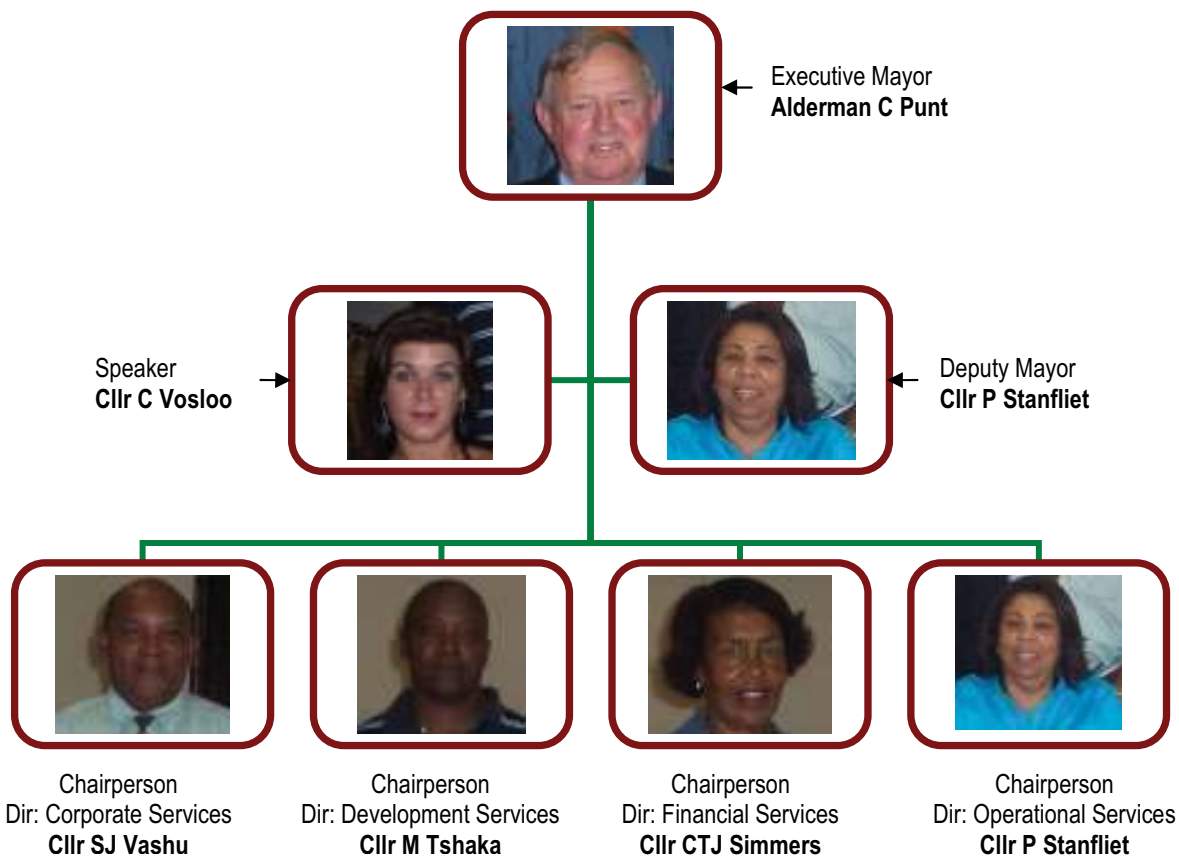
The 2008/2009 Financial Statements and Auditor Generals Report were accepted by the Audit committee on 20th November 2009.

The performance Audit Committee accepted the 2008/2009 Annual Report on 20th January 2010 with the following comments:

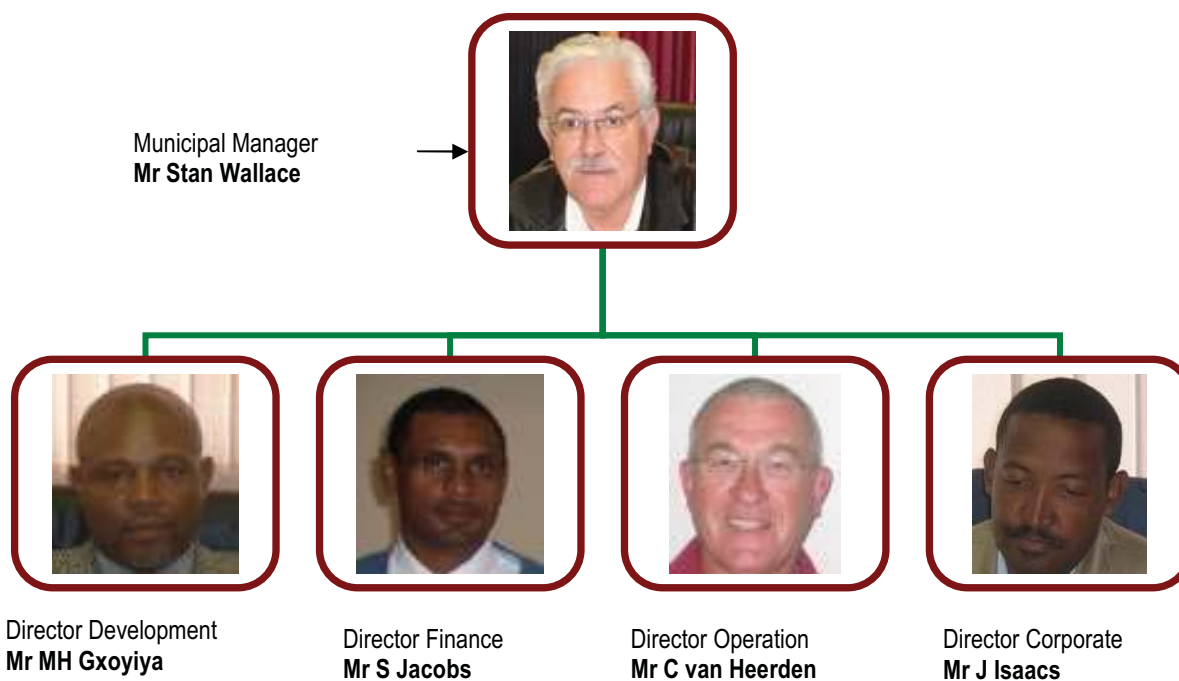
- The Chairperson congratulated the Municipal Manager and Mayor on a well expressed Overview of the 2008/2009 Annual Report.
- Oversight committee must to be trained on there roles and responsibility with regards to the Annual Report.
- Targets were not met in the IDP process and should be monitored to ensure satisfactory outcomes in this category.
- LED is not always visible as one would like to see it. More publicity needs to be given to LED initiatives as it is a very important governmental initiative.
- The Audit Committee's comments on the FINANCIAL STATEMENTS and AUDITOR GENERALS REPORT must also be included in the Annual Report.
- Water quality and supply seems to warrant considerably more attention with a very small percentage of customer's satisfactory. Feedback on this issue was given by the Municipal Manager and should possibly be included under the observations within the annual report.
- It appears that residents are concerned that there aren't timely responses to requests make. This aspect should be looked at.
- The Indicators or KPI's should be made more measurable in order for Directorates to give more articulated response.
- The report of the Auditor General must be challenged for their unfair comments to the Municipality.
- The Committee should bear in mind that many queries will still come forth due to the move from INFO to GRAP and the Audit Committee should point this out when the Auditor General compiles their next report.
- It's a legal requirement that the Audit Committee do a quality review on the Financial Statements twice a year.
- The Debtors collection periods are of concern to the Chairperson, and requests that this issue receive urgent attention to improve/ change the negativity with regards to outstanding debt.

MR CW Martin
Chairperson (Audit Committee and Performance Audit Committee)

MAYORAL STRUCTURE

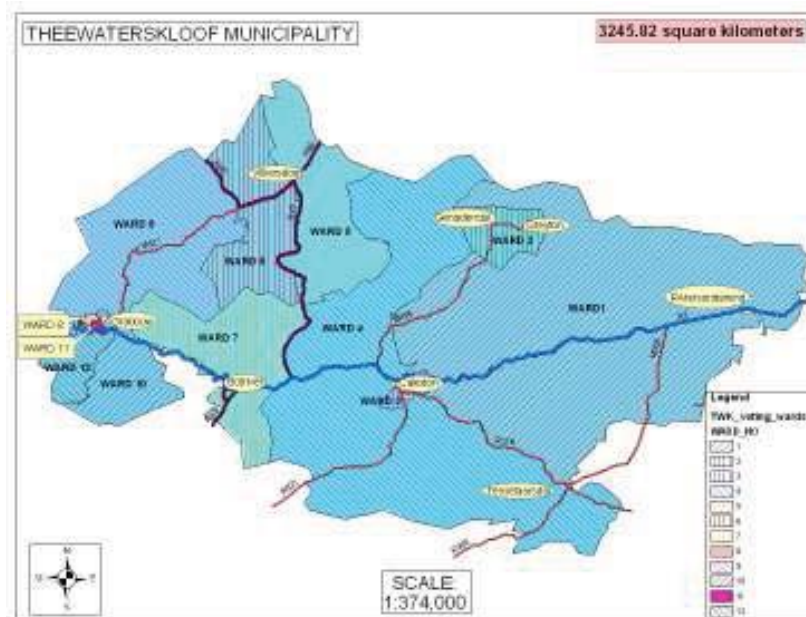


MANAGEMENT STRUCTURE



OVERVIEW OF THE MUNICIPALITY

The Theewaterskloof Municipal area can be categorised as a rural area with open spaces and farming activities as is clear from the land and areas occupied by agriculture, small holdings, and other land uses.



Theewaterskloof Local Municipality consist of eight towns, which are divided into 12 Wards. The following towns fall within the extended area of the municipality:

Urban Areas:

Caledon / Myddleton
Grabouw
Riviersonderend
Villiersdorp
Bot River
Genadendal
Greyton (Including Heuvelkruin)

Peri-urban / Rural dense areas:

Bereaville
Boschmanskloof
Voorstekraal
Tesselaarsdal / Bethoeskloof

Rural areas:

Farms

The total demarcated municipal area to be serviced by the Theewaterskloof Municipality covers some 3246 Ha.

POPULATION

The total population of Theewaterskloof is estimated at 103281, which translate to 43.7% (SEP-LG 2007) of the total population of the Overberg. This figure is estimated to grow by an average of 1.26% that will make the total population 107009 by 2010.

Sixty four percent of the population is coloured which make them the majority followed by 25% of Black Africans and 11% Whites.

There will be a constant change to the demography of this area due to the socio economic conditions as experienced by each racial group.

It would be ideal for Municipalities to have updated per Town Population statistics in order to base policies on and do proper forward planning. All municipalities have expressed their concern on the difficulties and inadequacies of having to work with outstanding statistics.

This sentiment has also been echoed by the Mayor who has disputed the current estimate of the population (103 281, SEP-LG), he estimate the population to be at 135 000 in 2007. According to him Grabouw has the largest influx of people.

EMPLOYMENT PROFILE

The employment profile below reflects the data from **(2007 Community Survey)**.

	Black		Coloured		White	
	No of people	%	No of people	%	No of people	%
Employed	6800	62	22962	62	2752	58
Unemployed	2332	21	5028	14	105	2
Not economically active	1824	17	8829	24	1874	40
Total	10955	100	36820	100	4731	100

Unemployment is much more prevalent amongst Black and Coloured communities and is a clear indication of how the social investment in the TWKLM area should be distributed.

Businesses in Theewaterskloof area struggling to find labour to meet their needs, yet just fewer than 40% of people are unemployed. The agricultural sector has turned to labour brokers to assist them to address the problem or to directly recruiting labour from the Eastern Cape in season and hence the vicious cycle of growth in size of Communities resulting in major challenges, to mention some:

- Poor Communities' are unable to pay for infrastructure and municipal services.
- Poverty is challenging the municipal budget;
- Growth in number and size of informal settlements increases the demand for job opportunities, coupled with better living conditions for all;

DEMOGRAPHIC TRENDS AND MIGRATION PATTERNS IN TWK

It is estimated that the high rate of migration into areas such as Grabouw and Villiersdorp can be attributed to a number of reasons, including the high number of seasonal workers in the agricultural sector and more so in the high intensity fruit production regions of Grabouw / Elgin and Villiersdorp / Vyeboom area.

The SEP-LG profile indicate that there will be a significant but steady increase of Black Africans who are viewed as people with low skills, in search of employment in the Agricultural Sector. This will have a significant spatial impact, as the municipality will have to make land available for Housing because of the increase in number of informal settlements (Grabouw, Botriver, Villiersdorp, Caledon and Riviersonderend).

Therefore, to make a fairly accurate population projection for the future is a complex matter that requires specialist research and investigations. Assuming however, that the capacity of the intensive agricultural fruit production areas to absorb migrant labour have been saturated and that farm evictions have stopped, population projections estimates for the purpose of this study are calculated on the basis of the natural population growth, this being the primary responsibility of the local authority.

EXECUTIVE SUMMARY

The 2008/2009 Annual Report reflects on the Municipalities performance for the mentioned financial year with specific focus on a council agreed Budget and IDP Vision.

VISION

“Positioning and Transforming the Theewaterskloof Municipality into a Competitive Developmental Local Authority

The general feeling was that although the Municipality was developmentally orientated its agendas, business plans, budgets, lists of priorities; performance management plans etc did not reflect a developmental approach and culture.

The process in addressing this competitiveness as a local authority was kick started with the Simon's Town Strategic Workshop which directly resulted in the adoption of the 'Capacity Building Theme' for the 2007/08 Budget and Performance Year.

Although progress has been made in developing competitive capacity, aspects such as infrastructure, skills, strategies, policies and processes that would be expected from a competitive developmental local authority is still lacking.

The responsibility of adopting a developmental focus and challenge can no longer be ignored. The Municipality is not winning the battle from a social development point of view in areas such as HIV/AIDS, substance and alcohol abuse, family violence, TB, crime, insufficient housing etc. Most of these social problems are directly related to unemployment and this again is due to insufficient economic activity within the Municipal area.

Failure to attract any new serious development and investment interest during the past 18 months is also evident of the organisations weakness.

The reality of the situation can no longer be ignored and it is therefore time to agree on a strategy that will result in the Municipality's transformation to a competitive developmental local authority.

During 2008/2009 Theewaterskloof Municipality aspired to the following overall objectives:

- Uplift the social standards and quality of life of the community through the facilitation of job creation and poverty alleviation and the provision of sport and recreational facilities.
- Create and maintain a law obeying community through inter alia law enforcement and related educational and value creation initiatives and interventions that will create a conducive environment for investment and development.
- Establish, maintain and further develop the infrastructure required for developmental purposes in time.
- Develop and sustain a municipality that is financially viable and able to financially address the challenges and demands of the development and investor market.
- Offer client friendly strategies, policies, procedures and services that will inter alia meet developer and investor requirements and needs.
- Develop and maintain intergovernmental relations in order to secure a productive partnership with other departments and municipalities for in accordance with developmental requirements.
- Ensure the urgent satisfaction of housing and accommodation needs of all levels of the community and in accordance with social and economic development strategies and requirements.

CHALLENGES

The municipality is continuously striving to deliver on its core functions of delivering basic services to the whole of Theewaterskloof with the limited available resources. The changing policies, misalignment of Provincial and National budgets makes it very difficult for Theewaterskloof Municipality to make a significant impact but there is a constant improvement of the relationship from all Spheres of Government.

It is also worth mentioning that there needs to be closer alignment with the MIG grant and housing grant. The Municipality understands the purpose of the MIG grant. It is understood that a house, which is a social commodity, has an undefined economic value to it (Market Value and Human Development).

The Municipality has come to a point where it would like to look at Service Delivery indicators like housing, Sanitation, Water, electricity, Sewerage, storm water drainage and Refuse removal.

CHAPTER 2

PERFORMANCE

The municipality delivers services essential to the well-being and development of its communities. To ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money. This chapter will focus on the Municipalities performance with regards to service delivery based on the 2008/2009 Services Delivery and Budget Implementation Plan.

CLIENT PERCEPTION AND EXPECTATION SURVEY SERVICE

INTRODUCTION

A client perception and expectation survey of 894 households was conducted to measure the perceived satisfaction of the community opposed to the capacity and or ability of the town administration to provide such services to the community. There is always a need to manage community expectations to a level that is realistic and within the municipality's capacity.

The intended use of the client satisfaction survey was to evaluate the progress made with service delivery as perceived by the various communities within all towns of Theewaterskloof municipality.

Municipalities are legally obligated to identify and develop criteria in terms of which the progress in the implementation of strategies, programs, and services which include key performance indicators must be evaluated, measured, and reviewed.

After the establishment of Theewaterskloof municipality the rendering of services within the incorporated towns were centralised within the Caledon head office. This led to a rapid decline in service standards as the skilled and experienced staff members were withdrawn from the towns thus creating a brain drain and supervision void. With the appointment of the current Council the administration model was reviewed and a town management model was introduced to deliver decentralised services within the respective towns.

The main purpose of the survey was to gauge the perception of client satisfaction with services delivered by the various town administrations, as the TWK municipality strives to be a democratic and accountable government for its local communities and is legally obligated to ensure that the provision of services to communities is sustainable.

The survey was used as a barometer to measure community perception of services delivered by the various town administrations. The collective result has afforded an opportunity to analyse and monitor this local authority's ability to deliver on its mandate. This also affords TWK an opportunity to develop strategies to mitigate and address poor performance or to take appropriate remedial action to address the perceived shortcomings identified.

The TWK municipality has to demonstrate to the community that it is committed to servicing the needs of the community and fulfilling the constitutional and legal obligations placed upon it. With this said the main purpose of the survey can be defined as follows:

- To demonstrate to the community that TWK is committed in serving their needs.
- To enhance public accountability.
- To identify any possible weaknesses of the town administrations.
- To address capacity deficiencies.
- To promote good governance.

The client satisfaction survey was developed to measure the following:

- The perceived satisfaction of clients.
- To establish trends and norms so as to manage service delivery levels.
- To develop a culture of municipal governance.
- To encourage and create conditions for the local community to participate in the affairs of the town(s).
- To serve as a performance indicator for the purposes of the annual town office rating of the year.

METHODOLOGY

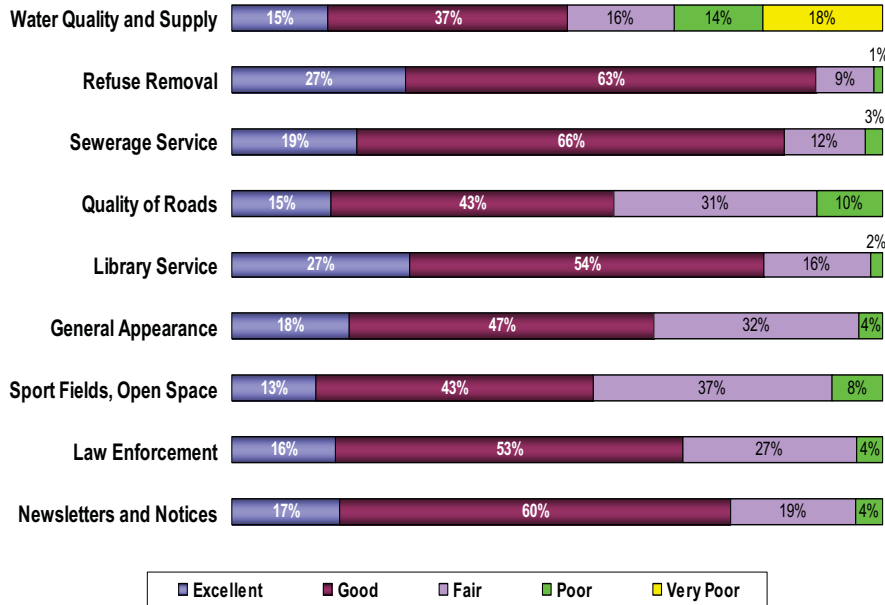
A client survey questionnaire was compiled to measure public perception on services delivery by the various town administrations of the municipality. The survey covered the following aspects:

- Satisfaction of Municipal Services delivered by the Town Office.
- Confidence in the Town Office.
- Customer service experience received from the Town Office.

THE CONSOLIDATED OUTCOME FOR ALL TOWN OFFICES

The following consolidated result was obtained for the combined town offices of Theewaterskloof municipality:

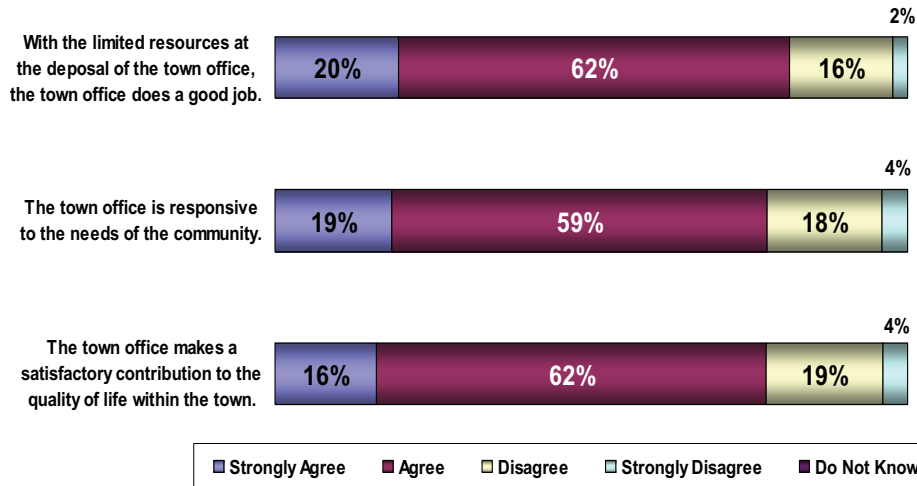
Consolidated Theewaterskloof - Customer Satisfaction Survey



Observations of the Municipal Manager:

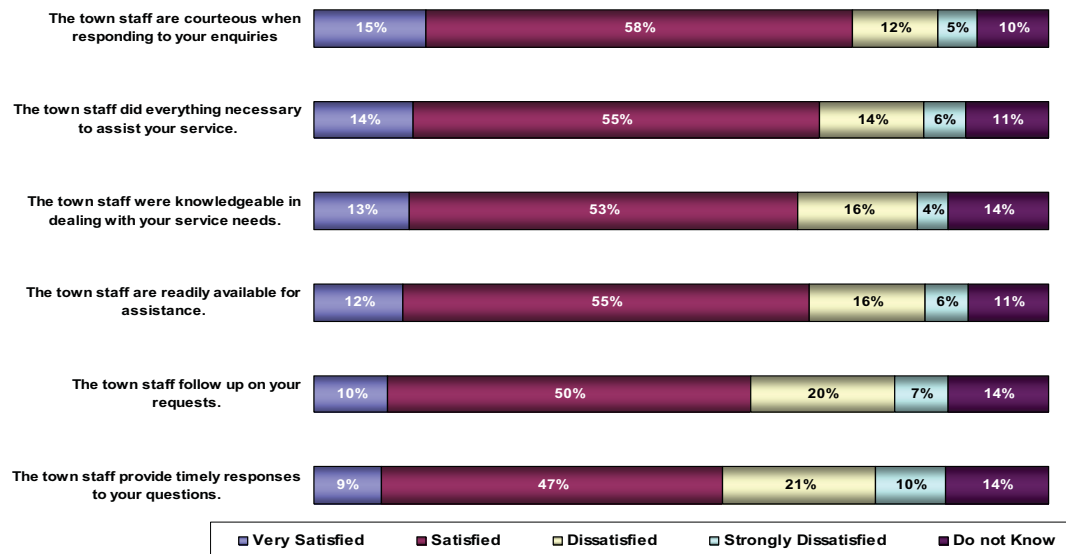
- Water is obviously the area requiring most attention; in fact a more in depth analysis is required.
- The refuse removal and library service were considered to be the most satisfactory services delivered by the town offices.
- The response received in respect of the appearance of towns is surprising but welcomed, as we were severely criticized in the past, and it indicates that our hard work and effort in this regard was noted by the public. This KPA is often used by the public to gauge whether a municipality's standard of service delivery has deteriorated or improved, we thus need to maintain our current level of performance and improve there where we are still performing below par.
- The perception rating for the Law Enforcement service by the public is in conflict with that noted during the IDP, Service Level Agreement project and our own set standards for the service.

Consolidated Theewaterskloof - Confidence in Town Office



It is encouraging to note that “Strongly Agree” rating was equal to or better than the “Disagree” response received. It was further also encouraging noting that almost 80% of respondents were satisfied with the functioning/performance of their town office. This is a positive indication that the town model is succeeding with its day to day service delivery as designed, developed, and improved over time.

Consolidated Theewaterskloof - Customer Service Experience



The area of concern in respect of the above is the perceived poor following up of requests received from public. This has to be addressed and the possible solution may be the acquisition of a computerized complaints system to manage all complaints.

CONCLUDING OBSERVATIONS

- The survey showed that certain components of our community are less satisfied with a lesser service than others with a weaker service. We must however be careful not to respond to those less satisfied clients that receive a good standard of service while residents of other towns within TWK receive services at a much lower standard of service.
- We need to set a sustainable minimum standard of service for TWK to which standard we should strive to achieve in all our towns, before we contemplate raising the service delivery bar, we also need to accept that as a service provider we will never satisfy all clients all of the time but should strive to satisfy most of our clients all of the time. Our clients are generally more concerned with a guarantee that services are supplied as apposed to the administration that is very critical of itself with the provision of services at a set service standard.
- During public participation sessions of the IDP, Budget, as well as Ward meetings we need to heed particular attention to informing the TWK community of the needed service upgrading and or improvement needs which informed Council to take an informed decision when the annual budget was prioritized. If clients are satisfied with a standard of service this does not guarantee that service is delivered at an acceptable level or that they are aware of capacity or resource problems.
- The community needs to understand the reasons for service upgrading, many residents think that the resealing of roads is carried out to improve the ride comfort and are not always aware of the true reason(s). This however can only happen if proper communication practices take place.
- Our biggest challenge as organization is to manage stakeholder expectation and community needs and the community needs to understand that we are legally obligated to give priority to servicing their basic needs as set out in the Constitution, Act 108 of 1996, and other relevant legislation.
- Interesting to see the importance of successful stakeholder and customer relations, it is of no use and consequence if we focus on actual service delivery only. Your stakeholder and customer will tolerate a lot if your communication and relationship with him or her is sound.
- In a few instances we need a more in depth and focused investigation is required before considering future action.
- Generally speaking our recent self assessment of own performance during the rating of the respective town offices was much more critical and results more negative than that of the respective communities, with Villiersdorp being the exception.
- The successful institutionalization of the SLA project and further roll out thereof to all towns within TWK will not only review and address poor service standards and performance, but also get the TWK community more involve in the affairs of the municipality, which in turn will assist with correcting many ill-perceptions that the community may have of this municipality.

PERFORMANCE PER DIRECTORATE

DIRECTORATE OPERATIONAL SERVICES

KPA: SERVICE DELIVERY

Water			
Output	Indicator	Target Set - Annual	Outcome
Implementation of best practice and operational guidelines pertaining to: Waste water and Refuse removal	Ensure all towns operate as per guidelines. Monitor and evaluate towns as per guidelines. Undertake compliance audits as per guidelines. Design and oversee remedial action.	100%	Licensing of RSE site outstanding and experiencing operational issues at Villiersdorp transfer station. In process of appointing PSP.
Upgraded water purification works in Grabouw.	<ul style="list-style-type: none"> Increase water purification capacity to 14 000m³ / day. Ensure reliable capacity for the supply of water. 	100%	Mechanical & Electrical contract awarded in November 2008. Civil and Structural contract awarded in March 2009. The rapid rate of development in Grabouw has also necessitated the extension of its water treatment plant to increase its treatment capacity to 15ML/day. This project commenced in January 2009 and is scheduled for completion in November 2009. This project is in part funded by the MIG.
Bulk Water Capacity upgrading.	New 500 mm dia pipeline between Eikenhof Dam and Worcester Street PS. (Grabouw)	100%	EIA submitted and outcome pending.
Upgraded bulk water infrastructure in Botrivier.	<ul style="list-style-type: none"> Planning of Reservoir to provide more capacity. Provide necessary infrastructure. 	100% of planning	Consulting engineer appointed. Planning, design and siting of reservoir is completed.
Reinstalled Water Infrastructure in Greyton.	Restore infrastructure damaged in floods in 2007.	100%	Main target not achieved. Additional funding received to widen the scope of the project. The initial SDBIP was based only on the replacement of the GOBOS Supply main.
Prepaid Water meters.	<ul style="list-style-type: none"> Procurement and installation of water meters. More stream lined information and simplified delivery of Water to all. 	100%	Procurement completed. Water meters were delivered. Public participation process completed. Installation to follow.
Implemented Water network Maintenance Program	Implement Water Maintenance Program as per plan. For the following towns: Caledon, Villiersdorp, RSE, Grabouw	100% compliance with planned maintenance program	Targets as per maintenance plan have been met but this is an ongoing process.
Reinstated water supply after pipe breaks	Reinstatement of water supply after pipe breaks. Repair 100% of broken pipes within 5 hours of notification.	100%	The towns are all compliant in time management for repairing of breakages. This is also an ongoing monitoring process.
Alternative water supply due to abnormal conditions lasting more than 8 hours	Quality response and speed to complaint.	100% compliance	Comply.
Cost Savings Reduced water distribution losses in all towns	Reduce losses to < 15% of supply	100%	Leak detection and electronically monitoring of the reservoir levels was the first step in ensuring reduction in loss of water. Still we will have to continue in line with our WSDP
Increased Water supply capacity in Caledon	Payment of Overberg Water for increased Water supply	100%	Achieved
Increased water supply capacity for Villiersdorp.	Purchase water from Villiersdorp coop	15000m ³ of water for the	Achieved.

Water Services Provided (2008/2009)

Amount of Water Purchased	R 5,311,866.43
Water Supplied and Metered	3,816,696.00 kl
Number Network bursts and leaks	213

Percentage of Water usage (kl) (2008/2009)

July 08	279,415
August 08	244,239
Sep-08	254,320
October 08	258,637
Nov-08	279,830
December 08	267,309
January 09	360,377
February 09	339,023
March 09	403,259
Apr-09	409,214
May 09	449,878
June09	271,194
Total	3,816,696

Sewerage

Output	Indicator	Target Set -Annual	Outcome
Implement Sewerage Maintenance Program including WWTP's	Compliance with approved maintenance program	100% according to plan	Target met. The outcome is visible in the amount of time spent on sewerage blockages – less blockages and less overtime spent on blockages.
Increased WWTP Capacity	Upgrading of WWTP in Towns Botrivier and Grabouw.	100%	Construction to the WWTP in Botrivier was completed. Grabouw: EIA in process.
Bulk Sewer capacity upgrading	New 450 mm dia gravity main from OudeBrug Road to WWTP.	100%	The phased upgrading of the bulk sewer capacity is occurring in conjunction with the bulk water upgrading. The sewer programme also consists of 5 phases and was initiated in November 2007 aiming to increase the capacity of the bulk sewer infrastructure in Grabouw to also sustain the rapid development of the town, in particular, that of low income houses. 2008/09 saw the completion of the penultimate phases of the programme, with the final phase currently at design stage.
Improved effluent /Greyton Sewer	<ul style="list-style-type: none"> Provision of sewer link between Greyton and Genadendal. Provision and installation of necessary infrastructure. 	100%	Consulting engineer appointed. Design, routing of pipeline completed. Went out on tender, Tender awarded. Community apposed the project. Access to land a challenge. Awaiting ministerial approval or decision.
Upgrade /replace water and sewer	<ul style="list-style-type: none"> Construction of new pipelines to replace older 	100%	100% achieved with the available funding. Contract was awarded. Construction started. Phase 1 -

networks for Botrivier	ones.		completed.
Compliance with DWAF water quality standards for final effluent	100% compliance with DWAF Water Quality Standards	100% compliance	95% compliance
Implementation of best practice and operational guidelines pertaining to: Waste water and Refuse removal	Ensure all towns operate as per guidelines. Monitor and evaluate towns as per guidelines. Undertake compliance audits as per guidelines. Design and oversee remedial action.	100%	None compliant. RSE site licensing is outstanding. Operational issues exist at Villiersdorp transfer station. Municipality in process of appointing PSP.

Roads

Output	Indicator	Target Set -Annual	Outcome
Maintained Roads & Storm water	Roads & Storm water. Maintenance of Paved Roads as per plan in the following Towns: Greyton/Genadendal, Caledon, Villiersdorp, RSE, Grabouw.	More than 90% of projects completed i.t.o. program and budget.	53 599m ² Was surfaced. Target has been met.
Planned Maintenance Program for Gravel Roads	Implement maintenance program for gravel roads by end of Financial Year for each town. Approved by Port Folio for the following Towns: Greyton/Genadendal, Caledon, Villiersdorp, and Grabouw.	100%	76.6 km of gravel road was maintained by means of grading. Approximately 5km was resurfaced with gravel.
Pothole free roads in the following Towns: Greyton/Genadendal, Caledon, Villiersdorp, Grabouw.	Repair of Potholes within the following Towns: Greyton/Genadendal, Caledon, Villiersdorp, Grabouw	More than 90% completed within 7 days of notification	The pothole repairing was done all over the towns however this is also an ongoing maintenance procedure.
Implemented maintenance program for Storm Water Management and Flood Prevention	Implement Planned Maintenance Program for SW Management & Flood Prevention for the following Towns: Greyton/Genadendal, RSE, Villiersdorp, Caledon and Grabouw.	100% compliance with approved maintenance program	The storm water master plan gives an indication of the remedial maintenance that should be executed for management of storm water runoff and have managed to activate the remedial maintenance program.
Upgraded streets in RSE	Building of Tarred roads and maintaining gravel roads.	100%	100% complied. Project completed.

Electricity

OUTPUT	INDICATOR	Target set-Annual	Outcome
Increased efficiency of street lighting by means of a Planned Maintenance Program	Implement planned Maintenance Program indicating time frames for when maintenance will occur.	12 Complete Inspections, one in each areas below per month <i>Greyton/Genadendal Caledon Area Villiersdorp Grabouw</i>	Three inspections per quarter were carried out.
Indigent households	Supply households on Indigent	100% of applications	Total of 74840 households within TWK supplied with Free basic

supplied with free basic electricity	schedule with free basic electricity for the following Towns: Greyton/Genadendal, Caledon, Villiersdorp, Grabouw.	received within 2 weeks of receipt	services.
Cost Saving Reduced Electrical Distribution Losses	Reduce Electrical Distribution Losses with planned maintenance and upgrading.	Less than 8% of purchased per quarter	Ongoing process
Electricity Quality of Supply as measured i.t.o. NRS048	Electricity Quality of Supply as In terms of NRS048	> 90% compliance with regulations	Achieved.
Electricity Quality of Service as measured i.t.o. NRS047	Electricity Quality of Service as measured i.t.o. NRS047 regulations	> 90% compliance with regulations	Achieved.
New Streetlights for RDP Housing in Grabouw	Installation of new street lights	100%	Achieved.
Upgraded Electricity within TWK Area	1. Upgrade infrastructure to accommodate housing project. 2. Replace 11 KV cable to Graafstraat substation.	100%	Achieved
Reduced electricity consumption	1. Procure and install a load management system on the electrical distribution. 2. enable better control of peak loading	100% complete by end financial year	Ongoing process. Switches are being installed on a daily basis, software, pc, antennas were installed.
Electricity contingency	Provide infrastructure for the anticipated load shedding.	100% complete by end financial year	Ongoing process. Generators installed at the head office to ensure continuous service delivery.

The following Electricity Services were provided for (Kwt):

New Electricity Connections	203
Amount of Electricity Generated or Purchased	R 17,317,415.18
Electricity Supplied and Metered	R 39,577,253.75
Nr of Electricity Supply minutes lost	2520

Solid Waste

OUTPUT	INDICATOR	Target set-Annual	Outcome
Refuse removed from Informal Settlements using large containers	100% compliance with contractual requirements with respect to cleanliness, removal of full bins and disposal when required	100%	85% tonnage removed in bins.
Implemented Clean Environment Program and investigation into the initiation of recycling	100% compliance with approved plan – participation in cleanest town competition. 100% adherence to approved cleaning program	100%	100%. Participated in cleanest Town Competition.

Operating Landfill Operations within Regulations	100% compliance with regulations of DWAF	100%	69%. External Auditor.
Environmental Management			
Upgrading of Nature Reserves and Botanical Gardens including possible creation of Caravan Park in Caledon	Creation of draft strategic management plans for each area in conjunction with NGO's 6 in total. Plans to be approved by Port Folio Comm. and relevant Ward Committees	100%	Plans included in the 5 year strategic planning.
Disaster Management			
Implementation of Disaster management strategy and plan including risk management plan	Compliance with approved plan in all Towns.	100%	Disaster management plan completed. Development of Risk Management plan in process.
Fleet Management			
Upgraded Fleet infrastructure	Procurement and replacement of vehicles. Provide reliable vehicles for adequate service delivery.	100%	100%. Ongoing process. Fleet infrastructure upgraded every financial year.
General			
Enhancement of infrastructure	Compile a Comprehensive Infrastructure Plan by end Aug to comply with DORA requirements.	100%	100%. CIP submitted.
Enhanced infrastructure.	Sourcing of additional funding for necessary infrastructure planning and improvements	100%	100%. Funding sourced from Masibambane.
Completed Asset Register.	Complete asset register by end of financial year to comply with legislation	100%	90%

ADDITIONAL HIGHLIGHTS

The Following Infrastructure and Service Delivery Innovations were also undertaken:

WATER

Upgrading of Watermain in Riviersonderend

The existing 75mm diameter AC water main in De Kock Street, Riviersonderend were upgraded to a 110mm diameter uPVC main due to most breakages caused by old age. 2.1 Km of the network was upgraded

Contractor: Masibenzi Water
Contract amount: R793,318.88



SEWERAGE

Trenchless Sewer Replacement in Caledon

The existing network was pitch fibre which started to sag due to old age as a result caused blockages and spillage. 559m of the existing sewer main was replaced.

Contractor: Insitu Pipelines
Contract amount: R1,019,160.00



ROADS

Resealing of Streets in Riviersonderend and Caledon

Beyer, Neethling, Myburgh and Church street in Riviersonderend and Chavonnes way in Caledon were identified to be resealed using Colmat L Slurry.

Contractor: Sisonke Maintenance
Contract amount: R701,771.18

Friction Pave

Funds were made available for Proclaimed Roads. Villiersdorp Main Road was identified. The Road was upgraded using Hot Mix Asphalt (Friction pave) from Buitekant Street to Kelkiewyn Restaurant on the Western side of Villiersdorp.

Contractor: Power Construction
Contract amount: R1,625,720.26

Upgrading of Eva Street, Grabouw

Eva Street, a gravel road, were upgraded to a double seal bituminous road, using 13 and 6mm road stone with CAT 65% Premix.

Contractor: Zamekhaya Civils
Contract amount: R51,510.00
Area Upgraded: 1020m²

Upgrading of Alpha Street, Riviersonderend

Alpha Street, a gravel road, were upgraded to a double seal bituminous road, using 13 and 6mm road stone with CAT 65% Premix.

Contractor: Zamekhaya Civils
Contract amount: R163,000.00
Area Upgraded: 3800m²

Upgrading of Kiaat Street, Botrivier

The Kiaat Street, a gravel road, were upgraded to a double seal bituminous road, using 13 and 6mm road stone with CAT 65% Premix.

Contractor: Ash-Phalt Trading
Contract amount: R195,093.95
Area Upgraded: 3180m²

Upgrading of Mountain View Street, Middleton

Mountain View Street, a gravel road, were upgraded to a double seal bituminous road, using 13 and 6mm road stone with CAT 65% Premix.

Contractor: Zamekhaya Civils
Contract amount: R163,000.00
Area Upgraded: 3800m²

Resealing of Streets in Grabouw

The following streets were resealed:

Bay Close	610m ²
Part of Mintway	350 m ²
Thyme Street	650 m ²
Garlic Street	300 m ²
Rosemary Street	895 m ²
Basil Street	390 m ²
Apple Close	2970 m ²
Gardenia Street	2881 m ²
Part of Stanley Shuma	383 m ²
Part of Mimosa Street	1200 m ²

Contractor: Colas
Contract Amount: R 199,900.00

SERVICES FOR DEVELOPMENTS

Services for 14 Industrial Erven in Riviersonderend

14 Industrial erven (1221 – 1234) were serviced with water, sewer, stormwater and roads before they can be sold.

Service	Contractor	Contract Amount
Water	RD Projects	R34,394.00
Sewer	RD Projects	R34,394.00
Stormwater	Zamekhaya	R130,587.00
Roads	Sisonke	R250,000.00

A 160mm diameter sewermain with 110mm diameter erf connections, 15mm diameter water connections and 300mm diameter stormwater pipes were installed.

The Industrial Road, a gravel road was upgraded to a double seal bituminous road, using 13 and 6mm road stone with CAT 65% Premix.



Services for 22 Residential Erven in Riviersonderend

22 Residential erven in Bego Street were serviced with water and sewer before they can be sold.

Service	Contractor	Contract Amount
Water	Belrex	R121,250.00
Sewer	Sinceda	R138,010.00

A 160mm diameter sewermain with 110mm diameter erf connections, 15mm diameter water connections and 300mm diameter stormwater pipes were installed.



Services for Industrial Development, Villiersdorp

13 Industrial erven in Theewaterskloof Close were serviced with water, sewer, storm water and roads before they could be sold.

Service	Contractor
Water	Sinceda
Sewer	Sinceda
Stormwater	Sinceda
Roads	Ash Phalt

A 160mm diameter sewer main with 110mm diameter erf connections, 15mm diameter water connections and 300mm diameter storm water pipes with catchpits were install.



Locality Map (Industrial)

MIG UTILISATION

2008/09 Municipal Infrastructure Grant

100% expenditure of MIG funds was achieved by the end of the national financial year. Details of expenditure per project, per quarter are shown in the table below.

Project	July-Sep 08	Oct-Dec 08	Jan-Mar 09	Apr-Jun 09	Total
Grabouw Upgrade of Bulk Water Capacity Infrastructure	421,809.00	1,859,435.47	2,172,053.53	622,524.00	5,075,822
Grabouw Upgrade of Bulk Sewer Capacity Infrastructure	232,479.00	676,775.97	748,923.03	-	1,658,178
Grabouw Extension of Water Treatment Works	-	-	-	-	-
Upgrade Water Purification	-	471,951.00	1,678,049.00	-	2,150,000
Greyton Water	-	-	-	1,464,388.00	1,464,388.00
Botrivier Extension of waste water treatment plant	41,574.00	458,426.00	-	-	500,000.00
Botrivier Streetlighting					
Botrivier Highmast Lighting					
Grabouw Streetlighting		58,715.00		131,578.00	190,293
Total	695,862.00	3,525,303.44	4,599,025.56	2,218,490.00	11,038,681.00

DIRECTORATE DEVELOPMENT SERVICES

KPA: SERVICE DELIVERY

Housing/Human Settlements			
OUTPUT	INDICATOR	Target set-Annual	Outcome
Construction of 44 RDP Houses Botriver	<ul style="list-style-type: none"> appointment of Consultants. Planning and Identification of beneficiaries. implementation 	100%	Planning completed. Housing Beneficiary Committee appointed, Social Compact drafted. House types resolved. Geotech Phase 1 & 2 completed. Application for project funding submitted.
Finalize the planning for the development of 90 subsidized houses in Caledon	<p>Phase 1 1st quarter</p> <ol style="list-style-type: none"> Finalise Urban Design Framework Plan (UDFP) Amendments to UDFP subsequent to consultation process Obtain Council approval of revised layout plan (LEFTE only) Advertise land use application. <p>Phase 2 2nd quarter</p> <ol style="list-style-type: none"> Address any comments/objections. Obtain resolution (ROD) from DEADP <p>Phase 3 3rd quarter</p> <ol style="list-style-type: none"> Prepare General Plan and submit to S-G office <p>Phase 4 4th quarter</p> <ol style="list-style-type: none"> Finalize Engineering design and obtain Council approval. Appoint civil contractor 	100%	Site Layout Plan drafted; House Types Agreed on, Geotech Phase 1 & 2 completed, Independent Environmental Consultant appointed. Housing Beneficiary Committee elected, Beneficiaries to project to be identified. Draft Social Compact drafted for acceptance by Housing Beneficiary Committee. Application for Project Funding being prepared for submission to PGWC
434 constructed Subsidized houses in Grabouw	<ul style="list-style-type: none"> appointment of Consultants. Planning, and beneficiary identification. implementation 	434	Grabouw Rooidakke - 434 Subsidized Houses (185 Phase 1 - 95 completed . Phase 2 = 249 units). 4 Houses handed over. Site cleared and all occupants successfully relocated. All civil services successfully installed. Single Dwelling = 9 Wall Plate Height. Double Storey = 36 Units Wall Plate Height. Foundations = 17 Mixed Foundations
Standardize / improve housing waiting list per Town	<ul style="list-style-type: none"> Identify individual waiting list per town. Completed standardized waiting list per Town. Transparency, accuracy and reliability 	Caledon / Tess Botriver, Genadendal and Greyton Villiersdorp/ RSE Grabouw	Funding obtain for Electronic Housing Dbase System. Hard Copies of all Towns existing beneficiary lists Centralized in Housing Corporate Office.
Funding to complete old projects	Identify, Investigate and Submit application to PHD for funding to complete old unfinished projects	6 applications for Botriver, Genadendal and Greyton, Villiersdorp/ Riviersdorp and Grabouw	Applications submitted to the department of Local Government and housing.
Develop policies: <ul style="list-style-type: none"> Informal Settlement. Farm worker Housing 	<ul style="list-style-type: none"> Research Complete first draft Workshop with stakeholders. Adoption at council. 	100%	Policy for Management of Informal Settlements drafted and adopted by council. The issue of farm workers is included in the existing housing register.
Legal Compliance	Comply in terms of SCM procedures, quality control and contract management Policy document in terms of checks and	100%	Implemented and adhered to.

	balances for housing delivery processes. Submitted to finance for auditing purposes.		
Housing control audits	Audits to happen in all Towns. Compile clear guidelines pertaining to audits.	100%	Guidelines of National and Provincial Government are used to ensure compliance.
Anti Housing Corruption Policy and Risk Management Program.	Development and adoption of Policy and program.	100%	National/Provincial Guidelines are followed.
2000 housing applications for Grabouw to be submitted with request for top up funding to the Dept of LGH-WC.	Motivations i.t.o infrastructure requirements for bulk and neighborhood infrastructure as well as the request thereof from relevant departments and or stakeholders.	100%	<p>Grabouw Hillside - 434 Subsidized Houses. All Planning and approvals completed. Application for Project Funding Submitted to PGWC.</p> <p>Grabouw Pineview - 162 Subsidized Houses All planning and approvals received. Application submitted for Project Funding to PGWC</p> <p>Grabouw Water Works - ± 500 Subsidized Houses Contours Surveyed Site Development plan in process of being drafted</p>

ADDITIONAL HIGHLIGHTS

Villiersdorp - 185 Subsidized Houses

Phase 1

115 Houses completed and handed over to beneficiaries

Phase 2 = 70 Units

Construction of platforms to construct houses thereon is holding up the project

Genadendal - 157 Units

70 Houses Handed Over to Beneficiaries

49 Houses Plastered with Roofs (Requires finishing)

15 Foundations Casted

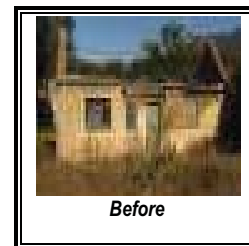
Riviersonderend

295 Subsidized Houses - Completed

Emergency Housing Assistance (EHP)

The Theewaterskloof Municipalities Housing Corporate Office assisted various homeowners in making their homes habitable again. Emergency housing assistance was obtained from the Western Cape Provincial Housing Department (PGWC) to repair these houses.

The home of Mrs Williams in Genadendal was damaged in a storm. She had no home insurance or financial means to repair her home. The challenge for the Housing Section at the municipality was to restore the house with a budget amount of R27 600 received from the PGWC. Mrs. Williams passed away before her house could be repaired; however her beneficiary (disabled and destitute daughter) has reaped benefit from the restoration process.



Before



After

Koos Sabastains (72 years old) of Genadendal, sustained severe damaged to his house when a huge tree collapsed on his roof during a storm. The repairs to this house also proved almost impossible with a budget amount of only R 27 600



Before



After

Property Management			
OUTPUT	INDICATOR	Target set-Annual	Outcome
Increase property sales	1. Sale of Erf 317 Joubert Str Caledon 2. Sale of Ex 12 Caledon Phase 1 3. Sale of 5 Residential zoned erven Rivier/end 4. Sale of 6 erven still to be serviced, subdivided and rezoned Rivier/end 5. Ham Str erven and caravan park Villiersdorp 6. Botrivier Shopping centre 7. Bergsig Caledon 108 erven	R11,7m	1. Erf 317 Joubert Street was Auctioned for an amount of R 370 500.00 on 4 December 2008. 2. Sale of Extension 12 Caledon not achieved. Statutory requirements not obtained in time for sale. 3. Sale not achieved. Consent for Subdivision and Rezoning not obtained in time for sale. 4. Sale not achieved. Statutory requirements not obtained in time for sale. 5. Ham Street erven auctioned for an amount of R1 054 500.00 (Auction 08 Dec 2009). 6. Sale not achieved. Electricity supply to property could not be obtained in time for sale. 7. Tender adjudicated to DODOSI Building constructions. Purchase Agreements were entered into for the sale of 5 erven.
Leasing register for 8 towns	1. Identify all council property on lease 2. Capture information on leasing register per town.	25% (75% already complete in 2007/2008)	Completed.
Updated legal lease agreements	1. Review existing lease agreements 2. Write items to council to obtain approval for new lease agreements. 3. Levy market related rental.	110 updated lease agreements	All leases reviewed. All rental units were valued to determine market related value. New market related leases were entered into with applicants.
Decrease in Backlog of outstanding transactions	1. Number of transactions completed.	100%	Backlogs addressed.
Strategy to enhance Municipal income from Property Management	Workshop strategy with Management. Adoption of strategy by council. Implementation.	100%	Completed and workshopped with council. To be revised in the 2009/2010 financial year.

ADDITIONAL HIGHLIGHTS PROPERTY INCOME

Sale by Tenders

Property	Total Income
Erf 1410 Villiersdorp	R 30 500.00
Erven 2419, 2421, 2422, 2423 2424 and 2425 Botriver (residential development)	R 126 000.00

Auction (04 December 2008)

The following properties were sold on an Auction held on 4 December 2008 at the Theewaterskloof Country Club in Villiersdorp

Property	Total Income
Erf 255 Greyton (residential dwelling)	R1 111 500.00
Erf 2836 Caledon (industrial plot)	R 228 000.00
Erf 2706 Villiersdorp (industrial plot)	R 250 800.00
Erf 2712 Villiersdorp (industrial plot)	R 131 100.00
Erf 2713 Villiersdorp (industrial plot)	R 239 400.00
Erf 2714 Villiersdorp (industrial plot)	R 125 400.00
Erf 4052 Caledon (Serviced Residential)	R 370 500.00
Erf 1100 & 1120 (Un-serviced Residential)	R1 054 500.00

108 Gap Housing

A tender was successfully allocated for the development of the 108 serviced erven in Bergsig Caledon for the purposes of developing affordable housing for the joint income target market of R3 500 to R10 000 per month in terms of a land availability agreement.

The land availability agreement include and specify that the successful proponent/developer will be required to enforce and comply with the following terms and conditions in the development and sale of the housing units to be developed:

Preference be given to qualifying purchasers falling within the joint income group of between R3 500 to R16 000 per month.

- ④ That preference be given to qualifying bona fide occupants and residents, living in the Theewaterskloof Municipal Area, within the above joint income group currently in occupation of rental or low cost housing units wishing to upgrade to the affordable housing market or first time home owners.
- ④ That the sale of units is limited to one housing unit per beneficiary and that purchasers be required to be owner occupiers.
- ④ The inclusion of a pre-emptive right of first refusal in favour of the Council for a period of 5 years from date of first transfer.
- ④ That units be no less than 50 square metres in extent.
- ④ That the units to be developed be in the price range of between R170 000 up to a maximum of R300 000 inclusive of a serviced land cost of up to a maximum R35 000 per erf.
- ④ That the land availability agreement be valid for a period of two years from date of signature of same on behalf of the Council.



Creating Local Job Opportunities



Hand Over of First Home

Town Planning			
OUTPUT	INDICATOR	Target set-Annual	Outcome
Zoning Scheme for TWK	Consultants must submit final draft of the scheme regulations. Submit to council for adoption. Advertise for public notice and send to province for final approval. Training of corporate and town Managers on new scheme regulations. Project Plan to be adopted in the first quarter..	100%	95%. TV3 Architects & Planners (Pty) Ltd was appointed on 15 September 2005 to compile an integrated zoning scheme for the Theewaterskloof Area. The advertisement of the draft revised Zoning Scheme appeared during August 2008 in the relevant local newspapers for comments which will be considered and reviewed to be incorporated in the zoning scheme. The draft zoning scheme will be forwarded to Council and the Department of Environmental Affairs and Development Planning for final revision. Council approved the zoning scheme on the request to promulgate was sent to province.
Revised SDF and formulation of Sectoral Plans (Development Plans)	<ul style="list-style-type: none"> Strategic revision of existing development perspective. SDF Strategy and proposal. present and Advertise draft proposal. 	100%	50%. After comments have been received on the status quo report, the consultants will commence with the development proposals of the SDF. Time was lost during 4 th quarter due to additional route that council opted for the advertisement of the status quo report to follow. No problem in terms of the process plan. Town Planner had resigned, but new appointment starts 1 Aug. 2009
TWK Dam: Separate Structure Plan to be compiled for the TWK Dam	<ul style="list-style-type: none"> Gap analysis of current SDF Application for funding from Provincial dept, dev planning and housing and dwaf. 	100%	100%. Gap analysis was forwarded to Provincial Department: dev planning & housing and dwaf for funding. Still wait for feedback. No funding was made available by Provincial departments thus far for the project. Will look for more funding in another proposal to Province as part of the GAP Analyses for the revision process.
Growth Development Model.	Project plan for the Growth Model in the third quarter to be in line with the SDF revision and the LED strategy.	100%	25%. this could not be finalized before the SDF revision and the adoption of the LED Strategy. LED Strategy now adopted and will form part of the SDF Revision to be finished end of November 2009. No Town Planner to have done this, appointment 1 August 2009.
Growth Development Model for all towns.	Implementation of project Plan	25%	The TOR's for the project have been concluded. Council adopted the growth Development model and related policy. Tariffs for contribution will be enforced in new financial year.
Extension 12 Caledon	Section will deal with application and report to council once all legal requirements to land use planning actions have been taken.	100%	75%. Still await the provincial ROD on the Environmental Assessment. Been followed up, additional information was requested and send, still no word on the outcome.
Hamstraat Erven & Caravan Park	<ol style="list-style-type: none"> Investigation and finalization of development opportunities for Hamstraat and Caravan Park jointly or separately. Adoption by council of the report. Rezoning and subdivision if required in-house. 	100%	50%. Hamstraat was sold off. Proposals for the Caravan Park and Nature Garden will be compiled in the next financial year.
Riviersonderend Dumping Site	<ol style="list-style-type: none"> Prepare rezoning and subdivision application in-house. Report to council. 	100%	60%. Rezoning in Progress. Applications were advertised. Awaiting comments.
Portion of erven 563 and erven 2081 and 2082 (Gypsy Queen)	1. assess application for rezoning and submit to council	100%	0%. The contract was renegotiated and the application will only proceed in the new financial year.
Riviersonderend Housing Development	<ol style="list-style-type: none"> Evaluate application. council resolution 	100%	100%. Finalised.
Handling of Backlog in terms of planning	Timeframes of all Land Use applications and accuracy of handling of applications	100%	Almost all "old" applications have been processed. Majority of the applications now receiving attention are new (2008)

applications			<p>applications. GIS expert appointed to update plans. Frequency of on site inspections increased. Data basis up dated (Papyrus System).</p> <p>Although there are still applications that are not dealt with, it must be stated that they are outstanding in terms of outside department and other national departments' comments that is outstanding. The application process will be changed in such a manner that all comments from outside bodies needs to be handed in with the application to ensure quicker / faster response time from TWK and applications are scrutinized much more narrow minded to ensure that incomplete applications are not submitted and leaves a burden on officials to complete.</p> <p>The Status are as follows: Only 12 applications are not finished dating 2007. All are depended on outside comments. 88 applications were received in 2008/2009, most of them have been dealt with.</p>
Botrivier Growth model	Consultant: Alwyn Loubsher and associates, compiling growth model for Botrivier and adjacent area.	100%	100%
Updated papyrus system:	Continuous updating of all consolidations, subdivisions and rezoning to update papyrus	100%	This is an ongoing project but all applications are updated and registered on the system.
System (database) to allocate street numbers (House numbers)	Global image to extract all street addresses for all ervens in TWK. Update the database for new developments and subdivisions	100%	Botrivier - All erven renumbered. Not approved. Going through the public participation process. Street addresses was extracted from ABAKUS .
Updated GIS shapefiles for TWK for producing of maps	Updating all shapes as the status change (Zoning, Erf numbers, etc.)	100%	This is ongoing. All land parcels are now on the system and the data was cleaned to make sure that only registered properties are on the system. Ongoing in terms of the process, because subdivisions takes place on a weekly basis.
Civil designer package implemented	Purchasing of software and training	100%	Completed. Purchase and Training done. Package transferred to the electrical department.
Policies; B&B, Open Space 1, 2 & 3 usages, Advertisement. Subdivision and Densification.	<ol style="list-style-type: none"> 1. Drafting of Policies. 2. Adoption by council. 3. Training of staff and Town Managers... 	100%	Policies (Subdizision and densification, house Shops, Taverns, Day Care centres - adopted by council in June 2009.

ADDITIONAL PERFORMANCE HIGHLIGHTS

Land Use applications in process 2008/2009

The Following numbers of application were successfully concluded during 2008/2009. Although a drop in subdivision applications within the rural areas was experienced, a steady increase in farm subdivisions made up for this loss. With the more effective control from a town planning perspective the number of departures and rezoning applications also increased.

Approvals of Subdivisions, Rezoning

Land Use applications 2008/2009					
Town	Rezoning	Consent Use	Departure	Removal of Restrictions	Subdivision
Botrivier	0	0	0	0	1
Caledon	7	1	12	0	3
Grabouw	4	1	5	0	1
Greyton	2	0	5	0	3
Farms	4	3	8	0	14
Myddleton	1	0	0	0	0
Riversonderend	2	0	2	1	0
Villiersdorp	1	0	0	0	0
Tesselaarsdal	0	2	2	0	1
Genadendal	0	0	1	0	1

Land Use Applications:

Although the economic crisis had an impact on the number of applications received, the processes still remain cumbersome. The recently conducted assessment of application processes indicates that it is not due to in-house blockages which delay the land use planning decisions, but rather:

- Legal requirements in terms of Records of decision from Provincial departments, and
- Delay in receiving comments from the Provincial or National Government Departments.

Building Control:

This section has delivered exceptionally well in the last year. One Senior and two building inspectors were appointed, however, this unit is still understaffed in terms of ensuring adequate service delivery. Not only did the income of this unit almost double, relationships with the community and community structures such as the aesthetic committees were established as a result of the new appointments.

Approval and Building Plans

The table below is indicative of the contribution which the building control section makes within the local economic development of the area.

Category	Number of applications received 2007/2008 - July/June	Received 2008/2009 - July/June	Total value of applications received Rand (07/08)	Total value of applications received Rand (08/09)
Building Plans approved	251	195	N/A	N/A
Residential new	140	38	R 41 263 822.00	R 47 715 524.00
Residential additions	137	170	R 21 564 650.25	R 26 127 005.00
Commercial/Business	18	26	R 13 853 000.00	R 10 503 808.00
Industrial	6	10	R 8 610 000.00	R 17 431 729.00
Rural sheds	6	12	R 4 193 500.00	R 16 057 823.00
Other	26	49	R 12 510 033.00	R 42 434 728.00

KPA: LOCAL ECONOMIC DEVELOPMENT

LED			
OUTPUT	INDICATOR	Target set-Annual	Outcome
Growth and Development strategies for Villiersdorp, Caledon, Botrivier, Greyton, Genadendal & RSE	<ol style="list-style-type: none"> 1. Identify stakeholders 2. Collect and collate sector info. 3. Sector interviews. 4. compilation of information received 5. Sector consultations/ public participation meetings. 6. Prioritization. 7. Identification of interventions and partners. 8. further consultations 9. Summit 	5 Growth and Development Strategies	<p>Draft strategy completed with town input. Town based interventions identified as per stakeholder workshops.</p> <p>Strategy advertised for comments.</p> <p>LED Summit took place, strategy presented to Council for adoption 30th July 2009.</p> <p>Delay in adoption due to Council's recess.</p>
Unlocking Developmental Opportunities	<ol style="list-style-type: none"> 1. Facilitating the DBSA, LED fund regarding Catalytic projects. 2. Develop Project Plans 	3 projects	<p>Process of approval delayed by rescheduled board meeting of DBSA.</p> <p>Project approved and contract signed 17/07/09.</p>
Overarching LED Strategy for TWK	<ol style="list-style-type: none"> 1. Compilation of Micro Strategies 2. Sector Facilitations 3. Project Identification. 4. Adoption by council 	1	<p>Strategy adopted on the 30th July.</p> <p>1 month delay due to Council's recess.</p>
Tourism Marketing Strategy	<ol style="list-style-type: none"> 1. Review of tourism status. 2. Collate information. 3. Sector engagements and workshops. 4. Draft document and circulate for comments. 5. Identify partners. 6. Final document adopted by council. 	1	<p>Delay in DBSA's funding approval effected project implementation date.</p> <p>Initiative moved to next financial cycle.</p>
Development of Policy, process, Risk Plans in relation to projects/interventions identified in the LED and Tourism strategies.	<p>Develop policies, processes and Risk Plans.</p> <p>Adoption by council.</p>	100%	<p>Following policies adopted by Council:</p> <ol style="list-style-type: none"> 1. Informal Traders Management Framework. 2. Social Contributions
Capacitated Tourism bureaus	Getting private sector buy in through the Town Managers, Ward committees and tourism associations.	5	Completed.
Bi Annual review of Economic Sectors and baseline information collection	Information management and dissemination	2 (reviews per annum)	Completed.
SMME startup information brochure	Putting together an annual publication on how to start a business.	5000 printed publications	Completed.
SMME Directory	Collection and compilation of information per Town.	100%	Subsequent to adjustment budget the project has been put on hold and rolled over to next financial year.
Networking Events	Coordination and facilitation of networking events.	2 per year	Completed
SMME promotion through participation in various markets and promotional platforms.	Identification of 2 marketing platforms eg. Tourism Indaba and the Design Indaba	2	Budget amendments did not allow for participation in Design Indaba, participation in Tourism Indaba as scheduled.
Employment intermediation centre in Grabouw	1. Facilitate partnerships with Social development and NGO,s	100%	<p>Submitted to DoL and RAEF .</p> <p>Submissions being evaluated in Feb 09. Outcome to be advised by March 09.</p> <p>DoL funding refused, alternative funding partners being approached.</p> <p>Business plan being revised to include ELF and OTC and expend the funding options as DoL has retracted from funding.</p>

ADDITIONAL HIGHLIGHTS

ABSA CAPE EPIC

Worldwide, sporting events have been recognized as a strong component of sports tourism and are becoming a major part of tourism development and marketing strategies.

Sport tourism and sport related events are seen as a growing market contributing significantly to local economies.

Hosting events such as the Cape Epic in TWK had the potential of becoming the focal ingredient in the context of the local and regional tourism destination development and promotion.

The notion of promoting the TWK area as the destination of choice for adventure sports enthusiasts created an ideal opportunity to partner with the Cape Epic Event. Amongst deliverable objectives the following aimed to be achieved: an increased numbers of visitors to the area, expended economic base, creation of opportunities for future economic value chains and creation of an enabling environment whereby events of such magnitude would become a regular occurrence in the area.

The impact of hosting the Epic in TWK has extended beyond the economic impetus into the host communities, but has also impacted on the socio-cultural and environmental strata.

It has been the highest rated and most recommended team work exercise the organization had yet a chance to participate in. Hosting of the Epic allowed us to have a true taste of the intricate workings of the Town Management model, with a distinct spirit of collaboration and an overall will to succeed.

PRESTIGE CLOTHING

The abrupt departure of Ipitombi clothing manufacturer in December 2007 had left over a hundred people jobless.

In order to absorb such sudden increase of job seekers into a mainly agrarian economy the Directorate Development set out to attract another clothing and textile manufacturer in the hope to absorb the recently retrenched.

Prestige Clothing, established 20 years ago in Cape Town, ranking as one of the most acclaimed clothing manufacturer in the city, won the tender to establish in Caledon.

With above average social benefit structures, competitive remuneration packages and strong emphasis on team work there are no unhappy faces to be seen at the sewing machines.

Caledon was chosen as their expansion town because of the proximity to Cape Town, skilled labour force and the excellent support they have received from the Municipality. Those three factors can very well lead to Caledon becoming the preferred non metro destination to clothing manufacturers and other soft industries providing much needed employment in town and surrounding areas.

With the newly renovated factory, a comfortable canteen and ambitious plans for further expansion, Prestige Clothing is very fast becoming part of the town's landmarks and Caledon's community.

With the production in full swing and over 90 staff on the floor, Prestige is quickly catching up with the other major employers in Caledon.



KPA: CORPORATE GOVERNANCE

IDP			
OUTPUT	INDICATOR	Target set-Annual	Outcome
Strategic Management framework and an Integrated Performance Management framework and System.	<ul style="list-style-type: none"> Appoint Service Provider. Design and implementation of an effective performance management system. Council Adopted/approved Performance Management systems Framework. 	100%	<p>Phase 1: Organisational Readiness Assessment analysis And Solution Development</p> <p>Phase 2: Conceptual Solution And Implementation Plan</p> <p>Phase 3: Strategic Management Framework Design And Population</p> <p>Phase 4: Performance Management Framework Design And Population (Both On Organisational And Departmental And Town Level)</p> <p>Phase 5: Performance Management System Design And Implementation</p> <p>Phase 6: Performance Management Policy</p>
2007/08 Annual report	Report processed in accordance with the requirements of s 127 of the MFMA.	100%	Annual report tabled before council on 29 January 2009. Advertised for public comments during February 2009 and adopted by council on 26 March 2009.
Adopted 2007/08 Oversight report	Report processed in accordance with the requirements of s 129 of the MFMA.	100%	Full council served as the oversight committee. Oversight report adopted with the Annual report.
Adopted 2009/010 IDP and Budget Process Plan by August 2008	<ul style="list-style-type: none"> Compile process plan as per input from Town Managers and departments. process for adoption by council Implementation of Plan 	100%	Process plan adopted on 27/08/2008.
Reviewed 2009/2010 IDP	Annual IDP review in accordance with section 34a of the MSA no 32 of 2000.	100%	<ul style="list-style-type: none"> Strategic Planning Workshop took place from 14 to 16 September 2008. Draft Town IDP's was presented to ward committees from 27 October 2008 to 3 November 2008. Minutes available at Town Offices. Directorates Operations and Development presented Corporate IDPS to the Steering Committee in December 2008. Minutes available. Draft IDP and budget workshopped with council On 12 March 2009 and approved by council for public comment on 26 March 2009. IDP/Budget adopted on 26 May 2009.
2008/09 SDBIP	Council approves SDBIP within 28 days of council's approval of budget and IDP.	100%	SDBIP adopted by Mayor on June 2009.
Quarterly SDBIP report back.	Report back on SDBIP Quarterly to Ward Committees, Draft SDBIP reporting guidelines and link to PMS for all Towns and Corporate offices. Approval of Guidelines.	100%	SDBIP reported quarterly to respective Portfolio committees.
2009/2010 project Panning	Compile and complete project plans for 2009/2010 financial as per IDP and Budget before end June 2009.	100% Project planning complete by end June 2009 for next financial year.	Project plans submitted accompanied with 2009/2010 IDP Budget.

DIRECTORATE CORPORATE SERVICES

COUNCIL SUPPORT				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Corporate Governance	Public Participation Strategy	1. Development of a Public Participation Strategy. (1 st quarter 100 %) 2. Adoption and workshop of strategy (2 nd quarter) 3.Implementation (3 rd quarter) 4.Implementation (4 th quarter)	1 Adopted Public Participation strategy	Not Achieved. Rolled Over to 2009/2010 financial year. The completion of the Public Participation Strategy was dependant on a Provincial guideline that should've been provided by the Provincial Public Participation Task team to all Municipalities in the Western Cape. Up to date, no such guideline has been provided. A Draft Public Participation Policy was compiled.
Corporate Governance	Improved communication with the community	1.Development of a citizen's participation charter 2.Publicise and distribute the charter (newsletter) 3.Publicise and distribute charter	Improved communication with the community	Not Achieved. Rolled Over to 2009/2010 financial year. The Development of a Citizen's participation charter is dependent on the development of a Public Participation Policy/ Strategy.
Capacity Building	Fully trained ward committee members who understand municipal activities, process and policies	1. Development of a Capacity Building and Training program 2.Quarterly training November 2008 3.Quarterly training February 2009 4.Quarterly training May 2009	100%	Achieved. The following training was provided: <ul style="list-style-type: none"> Financial aspects covering Municipal Legislation, MFMA, Budget Process, SCM Processes, Financial Viability, Credit Control and the Indigent Subsidy Policy. Ward committee summit in conjunction with Overstrand Municipality and DPLG to share experiences and best practices. Information session on the town management model
Corporate Governance	Community Development Workers Structure aligned with the town management and ward committee structure	1. Development of a Community Development Worker Structure 2.Adoption of the Structure 3.Alignment and integration with the town management and ward committee model 4.Alignment and integration	100 % (completed structure and adopted)	Not Achieved. Rolled Over to 2009/2010 financial year. Due to poor working relationship between Provincial office and Local Government this KPI was not achieved. Effort s was made to consult and meet with Province on various occasions without luck. Local Government does not have power over the CDWs as they are employees of Province. A draft model (working structure) was presented to Province, in the form of a joint venture. Awaiting response from province.

LEGAL ADVISORY				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Corporate Governance	Legal Compliance Audit:	1. Establish compliance in the organization in terms of the Structures and Systems Act. Brought over from 07/08 2. Submission of Audit Report 3..Compliance i.to. Report	100% Compliance in terms of Audit Report	In the financial year under review the organizations compliance with the Local Government: Municipal Structures Act 117 of 1998 and the Local Government Municipal Systems Act 32 of 2000 was evaluated. The findings of the evaluation process was recorded in an Audit report to be presented the organisations audit committee in the new financial year.
	Adopted Language Policy for the municipality	1.Compile language policy 2.Adopt language policy	100% (completed and adopted language policy)	The Language policy was work shopped with Council and senior management on 14 May 2009. It was decided that the policy be changed to a guideline because the organization was not ready for a language policy. Council adopted the Language Guideline on 26 May 2009.
	Adopted, Implemented and controlled delegation system for Town Managers	1.Completion of delegations 2.Adoption of delegation 3.Implementation of delegations 4.Introduction of monitoring , Control and reporting system	100%	The first set of delegations for Town Managers were adopted by Council on 27 November 2008 where after it was distributed to the Town Managers as part of The Directorate: Corporate Services' implementation strategy. For the remainder of the Financial Year emphasis was

				placed on the monitoring and control of the delegations as well as the implementation of a proper reporting system for the Town Managers.
	Genadendal Transformation Process:	Land held in Trust of Minister must be transferred to municipal human entity Steps unclear in terms of this SDBIP unclear, as conclusion has not been reached in terms of the SDBIP 2007/2008.	100%	As part of the SDBIP, we indicated the dependency on a third party as a risk. This risk as identified culminated also into a blockage in that the 3 rd party (Transformation Committee) in their resistance frustrated the process to the extent that the trust land could not be transferred to the entity by 30 June 2009. As a result, this KPI will have to roll over to SDBIP 2009/ 2010.

Additional Performance

In today's society there is an increased risk of threats of legal action or legal action being taken against individual Councillors and employees. Councillors and employees may require legal advice and representation and expect the Council to provide financial assistance to meet the cost of the advice or representation. They may feel hindered in undertaking their role in a full, frank and impartial manner if they do not have an assurance that they are protected from threats and will be given proper legal representation if any legal action is taken against them.

On the 26th of May 2009 the Council adopted a Legal Representation for Councillors and Employees Policy to inter alia provide for legal representation for Councillors and employees in those matters that arises from the exercise or performance of their powers and duties.

ADMINISTRATION				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Capacity building and Institutional Transformation	Records Management:	Implementation of a Electronic Record system (Phase 1,2,3)Phase 1 – Implementation and training: December 2008 Phase 2 – Implementation and training: March 2009 Phase 3 – Implementation and training – June 2009	100 % implementation and training of Phases 1, 2 and 3 by June 2009	Achieved
Corporate Governance	Promotion of Access to information Act:	Updating of Section 14 Manual and submission of Reports during March 2009 Updating of Section 14 Manual, Submission of Section 32 Reports and Section 15 Report	100 % Compliant	complied
Financial Viability	Reduced Telephone Costs	Monthly reports distributed to all Departments to indicate their private calls. Each department has to identify high costs and report it to Director Corporate Services	100%	High telephone costs were addressed by Senior Management and a reduction of telephone costs is experienced. Monthly telephone reports is monitoring on a continuous basis
Corporate Governance	Promotion of Access to Information Act: Dealt with requests as prescribed by Act	Deal with all requests within 30 days. Distribute information to the relevant official	100 % compliant	complied
Financial Viability	Cost Saving intervention: Office Space and Printing Cost	Office Space: Convert municipal buildings into offices/ to accommodate more than one official in one office in order to avoid further costs for office accommodation. Printing costs: Implementation of electronic records system – documentation will be send via email	100%	Targets met

	Contract Register for Corporate office. Brought over from 07/08	Contract Management 1.Update Contract Register 2.Review contract register 3.Review contracts 4.Adoption of Audit Report by Audit Committee	100%	In the financial year under review, all contracts of the municipality were captured on its Quidity Electronic System. During the capturing process, the contract register of the municipality was reviewed. The audit report will be presented to the municipalities audit Committee in the new financial year.
Financial Viability & Capacity Building	Installed VOIP telephone system at Town offices and outside buildings	VOIP System installed at the following towns: RSE, Botrivier, Genadendal Greyton, Villiersdorp, Grabouw and other identified outside offices in TWK.	100%	100%
Service Delivery and Financial Viability	Installed Commercial Generator and UPS system	1. Determine the financial impact and costing. 2.Tender for rewiring of Head office building	1 generator	Achieved

INFORMATION TECHNOLOGY				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Service Delivery & Financial Viability	Wireless network connection of remaining Town Offices including outside buildings in Caledon and all towns.	Following offices must have wireless connection: Botriver and New offices in church street, Caledon as well as Villiersdorp. Grabouw and outside buildings.	100%	transformed all networks from Telkom-based lines to a privately owned Wireless network. The existing Telkom lines have been converted to ADSL lines for a backup service in the event of the wireless network failing. This allows us to have a 99.9% uptime and therefore an increase in internal and external service delivery.
	Installed Backup system for wireless networks	Backup system installed at the following town offices: Genadendal Greyton, RSE, Botriver, Villiersdorp, Grabouw and identified outside offices in TWK	100%	Backup system installed at the all offices on the wireless network includes: Genadendal Greyton, RSE, Botriver, Villiersdorp, Grabouw

VALUATIONS				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Service Delivery & Financial Viability	Valuation System Implementation of the Supplementary Valuation 2008/09 (Ordonance 1993)	1.Notice to owners 2. Advertisement and process of objections.	100 % completion by June 2009	achieved
	Valuation system:	Implementation of the General Valuation and the First Supplementary Roll after the General Valuation. (2009/10) adoption of Rates policy and by-laws (MPRA) 1. Public Participation 2.Adoption of Rates policy and by-laws 3.Process of objections	100 % completion and adoption by June 2009.	achieved

HUMAN RESOURCES				
KPA	OUTPUT	INDICATOR	Target set-Annual	Outcome
Capacity Building & Institutional Transformation	New EE committee and reviewed EE Plan and submitted EE reports	1.Elected EE Committee in terms of EE Act requirements by 08/2008 2.Reviewed EE Plan in terms of EE Act requirements and submitted EE reports to Department of Labour	100%	Achieved <ul style="list-style-type: none"> Compiled the annual Employment Equity Reports and submitted it to the Department of Labour on 1 October 2008.
Capacity Building	Newly compiled skills development plan: 2009/2010	Needs identified in terms of individual needs and prioritized needs of Directorates and Towns. Completed, approved and signed for submission 30 June 2009	100%	<ul style="list-style-type: none"> Achieved. Compile Skills Development Plan and submitted to LGSETA on 30 June 2009
	Implemented skills development Plan 2008/2009	Monthly training that took place against the training schedule	100%	Achieved
	52 Completed HR Salga Policies	Approved and implemented by Management, LLF and Council. All policies to be completed 30 June 2009	13 policies each term	<ul style="list-style-type: none"> Developed 27 Human Resources policies in terms of National SALGA guidelines and Council approved a Sexual Harassment Policy and Smoking Policy. A Scarce Skills Policy and Recruitment and Selection Policy is in a process of being reviewed by management and Council.
	Completed Phase 1 of Task (Advertised results and appeals dealt with)	Completed reports of advertised results and appeal process completed.	Before 12/2008	Advertise results in October 2008 and dealt with appeals by 12/2008
	Started Phase 2 of Task (new jobdescriptions and major changed positions evaluated)	Newly compiled job descriptions by end of August 2008 and submitted for evaluation by TASK	100%	<p>Schedule of new positions and major changed positions.</p> <p>Completed evaluation process by 30 June 2009</p>
Corporate Governance	compliant with OHSACT policies and procedures	Compiled and implemented policy, Procedures and meetings schedule by end of July 2008. Monthly and quarterly meetings, minutes and reports	100%	Achieved
	Competency profiles of new jobs identified on approved organization structure	1. compile contingency profiles. 2. Each position must reflect competencies and skills with comparison with grading of current jobs in organizational structure – completed by end July 2008	100% List of new identified positions in the budget of 2008/2009 with summary of competency and skills linked to each position	90% - 30 June 2009 - Achieved 9 job descriptions were completed for new positions in the 2008/2009 budget including the competency profiles linked to each position. Additional new positions were identified for the 2009/2010 budget as well as unfunded positions on the approved organogram. 3 new positions were approved for the 2009/2010 budget. Generic competency profiles for some administration, finance, Human Resource, technical and housing positions were obtained.
	Reviewed Implemented	Approved by Management, Local Labour Forum and Council and	3 policies (Acting allowance, Scarce	The new acting allowance criteria was addressed in the new Service Conditions for municipal staff and

	<p>policies and procedures for Acting allowance, scarce skills and recruitment selection</p>	<p>implemented by end of July 2008</p>	<p>skills and recruitment and selection)</p>	<p>implemented in June 2009. The Scarce skills policy was work shopped with council on 23 April 2009. It was referred back to the HR Department to determine the remuneration criteria for a scarce skills allowance. A Sexual Harassment and Smoking policy was adopted by council on 26 May 2009. Three new policies, namely, Recruitment and Selection, Personal Protective Equipment and Incapacity due to Ill Health policies were also identified for urgent implementation in the next financial year.</p>
--	--	--	--	---

ADDITIONAL KEY PERFORMANCE AREAS:

- **Organisational Development and Annual Restructuring**
 - The additional position of Director: Operations were added to the macro-organigram and approved by Council.
 - The TASK evaluation results must be implemented from 1 July 2009 according to the December 2008 salary scales provided by SALGA. The financial impact of this exercise was summarised.
- **Recruitment and Selection of Competent and Qualified Staff**
 - Key vacant finance positions were filled, including the Deputy Director: Internal Auditing and the Internal Auditor. It is difficult to attract qualified finance staff due to the scarcity of the occupation group. The minimum requirements set by the National Treasurer makes it more difficult because TWK cannot compete with remuneration packages.
- **Personnel Administration to Comply with Audit Requirements**
 - The 2007/2008 Audit report specified certain requirements for personnel administration and the working documents referring to the complete recruitment and selection process are filed with the appointment contracts of successful candidates.
- **Training and Development**
 - The training planned in the Skills Development Plan for the period 2008/2009 was implemented and the monthly implementation reports were submitted to LGSETA.
- **Labour Relations, Discipline and Local Labour Forum Consultations**
 - Monthly Local Labour Meetings took place, addressing key issues related to recruitment and selection, new human resources policies, restructuring, status of health and safety and training at the work place.
- **Health and Safety Compliance**
 - Unfortunately we lost our permanent Health and Safety Officer in February 2009. We appointed a new employee who started in July 2009. The absence of a dedicated Health and Safety Official caused a backlog in work and monitoring of health and safety issues.
- **Employee Performance**
 - Strong emphasis on incapacity investigations as a result of poor performance or ill health. Disciplinary action was taken against employees who were found guilty of misconduct and two employees left the services of TWK as a result disability.

DIRECTORATE FINANCE

KPA	OUTPUT	INDICATOR	Target Annual set-	Outcome
Service Delivery	Financial Management workshops for Town Managers & Ward Committees. Assist in SCM blockages.	Analyze needs and financial management blockages and obstacles to Service Delivery and develop a strategy and assistance program through which the Finance Department can assist line functions in improving service delivery.	100%	100%
	Financial Management workshops for Town Managers & Ward Committees. Response time to queries: 5 working days	Customer and Stakeholder Relations Improvement: Develop strategy and relations improvement program and implement.	90% of Queries	The comments complaints book and the customer query register for account queries has been introduced to improve handling of queries. Debt collection officers have been provided with cubicles to improve service delivery and provide privacy for consumers.
	Infrastructure backlog strategy	Develop long term financial strategy for infrastructure backlog.	100%	Postponed due to stats and organizational readiness. To be dealt with at the strategic planning workshop. However, model has been develop and populated.
Corporate Governance	As per Strategy and Project Plan	Develop Strategy, Program through which the Internal Audit function must be upgraded	Compliance with Project plan	The Deputy Director: Internal Audit and the Internal Auditor positions were filled. (Internal Auditor appointed from 1 July 2009, Deputy Director appointed from 1 September 2009) The Audit Clerk post was advertise in July 2009
	As per Implementation Project Plan	Implementation of and corporate monitoring of Financial Management Strategies and Policies.	Compliance with Project plan	Credit Control, Debt Collection, Indigent & Tariff Policy by-laws have been gazetted on 26 September 2008. An Anti-Corruption policy was adopted by Council on 27 November 2008.
	As per Implementation Project Plan	Finalization, implementation of Delegations and establishing related systems and controls.	Compliance with Project plan	Delegations has been done and SCM delegations were completed during the 3 rd quarter.
	As per Implementation Project Plan	Updating of MFMA Compliance Audit an implementation of remedial program	Compliance with Project Plan	The 2007/2008 Audit execution phase completed on 10 October 2008. The Internal Auditor is busy with the MFMA compliance Audit.
	Relevance and compliance with legislation.	Updating financial management Dash Boards and Reporting structures and formats.	Meet Deadline	Achieved
	As per Implementation Project Plan	Asset Management: Compile and update Grap-compliant Asset Register.	Compliance with Project Plan	The asset register is 100% complete. Shortcomings identified in the audit report which have been addressed. The GRAP compliant asset register software programme is completed.
	Timely compilation and submission of accurate, quality and credible reports. Legislative Compliance.	Meeting Budget and Statutory related deadlines: Reports	100% of instances	Achieved
	Timely compilation and submission of accurate, quality and credible draft budget. Legislative Compliance.	Meeting Budget and Statutory related deadlines: Draft Budget	100% of instances	Achieved
	Timely compilation and submission of accurate, quality and credible	Meeting Budget and Statutory related deadlines: MTREF	100% of instances	Achieved

	budget. Legislative Compliance.	Budget,		
	Timely compilation and submission of accurate, quality and credible report. Legislative Compliance.	Meeting Budget and Statutory related deadlines: Mid-year Assessment	100% of instances	Achieved
	Timely compilation and submission of accurate, quality and credible budget and reports Legislative Compliance.	Meeting Budget and Statutory related deadlines: Adjustment Budget	100% of instances	The 2008/2009 adjustment budget was tabledon 26 May 2009.
	Meeting Budget and Statutory related deadlines: Annual Financial Statements.	Timely compilation and submission of accurate, quality and credible Financial Statements. Legislative Compliance.	100% of instances	Achieved
	Continuous monitoring & Control	Budgetary Control	100% of instances	Achieved
	Response and addressing Financial Audit queries. Internal controls. Improvement of reports.	Internal and External Audit Reports	100% of instances	All audit queries have been answered and corrective action is being instituted.
Corporate Governance	Adherence to legislative requirements and keep ratepayers informed	Treasury website up to date and informative	100% of instances	Achieved. TWK Website
	Identification of risk, improve management	Risk Management and anti-corruption policy and plans	100%	An Anti-Corruption policy was adopted by Council on 27 November 2008.
	Promotes effective financial Planning and management and finding solutions	Activity Based costing System, Restructuring and Cost Activity Interventions	100%	The post has been identified on the organogram and will be filled during the 2009/2010 Budget.
Financial Viability	Ensure MFMA compliant and aligned organogram. Cost Saving and Improved Collection Rate.	Develop the implementation plan for the Financial Viability Strategy, introducing processes and structures to facilitate it and monitor progress and compliance. Facilitation and advisory role in the implementation of financial viability.	Continuous	Organogram has been adopted in October 2008. Further enhancement will be effected once new position is filled. Continuously advising and assisting departments and towns.
	Improve Debt Collection to at least 85%.	Rates and Services Collection Target of 85%.	90% Collection	Achieved
	Ensure total budget not overspent. Improve quality and credibility of budget.	Quality of Budget and success in addressing financial challenges of future.	100% of instances	Achieved
	Continuous support to all Directorates	Strategic advisory/ consulting role for service delivery departments.	100% of instances	
LED	Quality and reliability of Assessments.	Assist in addressing and supporting LED-related interventions (Establish and provide support and Viability, Feasibility and funding assessments and solutions).	100% of instances	Achieved

SERVICE LEVEL BACKLOGS

Below is an indication of the municipality's response towards the provision of services and ultimately the eradication of backlogs. It must be noted that Theewaterskloof is predominately and Agricultural sector as a result has a high influx of migrant workers into the different towns. This influx has a significant impact on the municipality as the number of informal settlements is continuously cropping up, adding to the backlog.

Service Type	Service Standard	%	Budget	Actual
Water	Standpipe within 200m			
Backlog to be eliminated	HH not receiving minimum standards of service	0		
Number of HH receiving minimum services during the year.	No of connection/units	100		
R spending on new infrastructure to eliminate backlogs.	Capital budget (2008/2009)		25,714,298	25,000,000
R spending on renewal of infrastructure to eliminate backlogs.				
Total Spending to eliminate backlogs			R 25,714,298	R 25,000,000
Spending on Maintenance to ensure no new backlogs are created.	Operational Budget 2008/2009		R 28,071,000	R 28,071,000
Sanitation	Waterborne Sanitation			
Backlog to be eliminated	HH not receiving minimum standards of service	10		
Number of HH receiving minimum services during the year.	No of connection/units	90		
R spending on new infrastructure to eliminate backlogs.	Capital Budget 2008/2009		10,063,432	10,000,000
R spending on renewal of infrastructure to eliminate backlogs.				
Total Spending to eliminate backlogs			R 10,063,432	R 10,000,000
Spending on Maintenance to ensure no new backlogs are created.	Operational Budget 2008/2009		R 15,430,000	R 15,430,000
Roads	Gravelled Roads			
Backlog to be eliminated	HH not receiving minimum standards of service			
Number of HH receiving minimum services during the year.	No of connection/units			

R spending on new infrastructure to eliminated backlogs.	Capital Budget 2008/2009		1,125,230	1,125,230
R spending on renewal of infrastructure to eliminate backlogs.				
Total Spending to eliminate backlogs			R 1,125,230	R 1,125,230
Spending on Maintenance to ensure no new backlogs are created.	Operational Budget 2008/2009		R 22,487,000	R 22,487,000
Electricity	50kWh			
Backlog to be eliminated	HH not receiving minimum standards of service	650		
Number of HH receiving minimum services during the year.	No of connection/units			
R spending on new infrastructure to eliminated backlogs.	Capital Budget 2008/2009			
R spending on renewal of infrastructure to eliminate backlogs.				
Total Spending to eliminate backlogs			R	R
Spending on Maintenance to ensure no new backlogs are created.	Operational Budget 2008/2009		R	R

CHAPTER 3

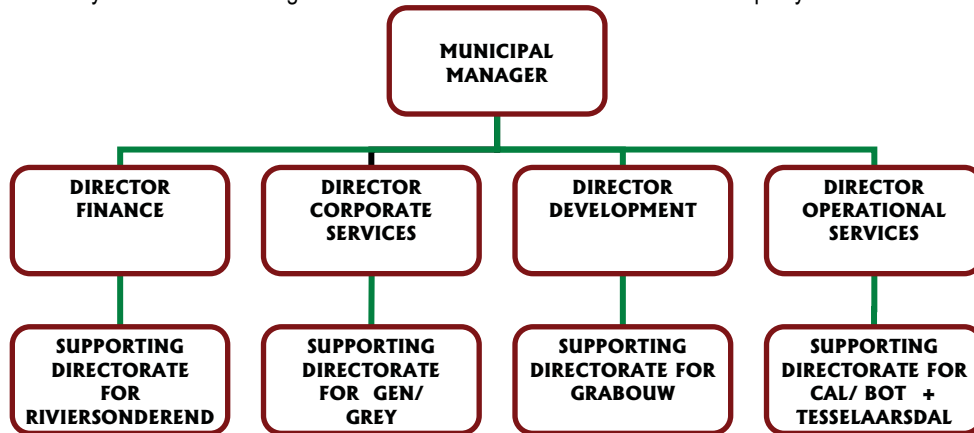
HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

The 2008-2009 financial year of Theewaterskloof Municipality was characterised by a number of key organisational transformation initiatives focused on gearing the organisational structure, human capital capacity and internal processes to deliver on the mandate evolved by the political leadership.

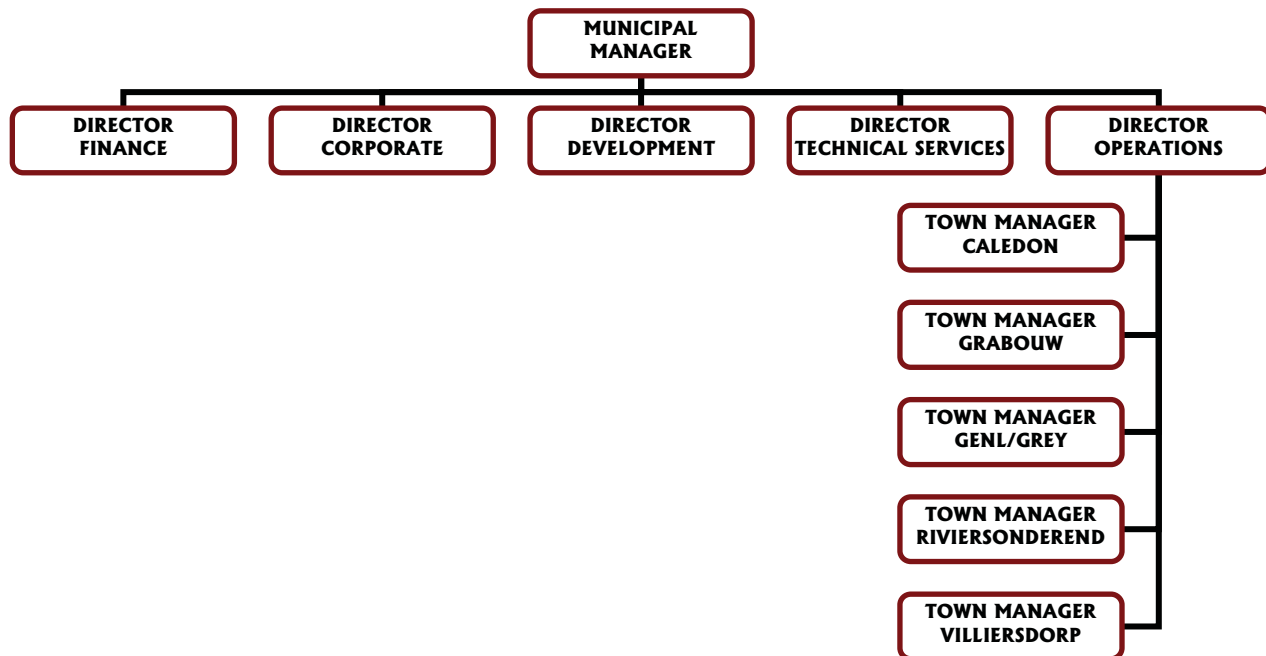
The focus was on organisational realignment with the review and approval of the macro-organisational structure to accommodate the appointment of a fifth directorate in charge of the Town Model Structure implemented at the various towns. An intensive initiative was undertaken to recruit a Director to drive the Town Model according to uniform policies, procedures and practices.

ORGANISATIONAL STRUCTURE

On 1 July 2008 the macro-organisational structure of Theewaterskloof Municipality was as follows:



After intensive consultation with political structures, management and organised labour, a new macro-organisational structure was adopted by Council in May 2009:



GOVERNANCE

Theewaterskloof Municipality has an Executive Mayoral Committee (MAYCO) system that is combined with a ward-participatory system. The Mayco consists of the Executive Mayor plus four members elected in terms of Section 60 of the Municipal Structures Act (Act 117 of 1998). The main task of the Mayco is to assist the Executive Mayor to make decisions relating to all powers delegated to it by Council.

LEADERSHIP

A key priority of the Top Management has been to establish a solid leadership core within the organisation which permeates through to middle and supervisory management levels. A fundamental mechanism aimed at furthering this objective was the training of top and senior management in problem solving techniques, conflict resolution and stress management.

HUMAN RESOURCE MANAGEMENT

The Need for a Review of Human Resources Policies and Practices

The political and administrative leadership acknowledge that, in meeting the service delivery challenges faced by the communities of Theewaterskloof area, the human capital of this organisation is its primary asset. Managing the human capital in an effective, efficient and productive manner requires that the HR policies, practices and methodologies are continuously reviewed and updated. The development of a human resources strategy and five year business plan was linked to the performance scorecard of the Director: Corporate Services, which, in turn, was aligned with the strategic priorities of Council, as set out in the IDP.

Recruitment, Selection and Employment Equity

In terms of the recruitment and promotion of employees, the following can be noted for the period

Staff Movement	Male 06/2009	Female 06/2009
Resignations	19	12
Dismissals	7	1
Retirement	0	0
New Appointments	30	23
Promotions	2	3

A critical challenge for the current Administration is to attract and retain scarce skills in the workplace. Currently, the salary packages offered by Theewaterskloof Municipality are not as competitive as those of our neighbouring municipalities or the private sector. A draft Retention and Scarce Skills Policy was compiled but must still be approved by Council as well as a reward and incentive systems

Staff profile and employment equity ratio for Theewaterskloof Municipality (comparison with previous years)

Indicators: Male and Female Africans, Coloureds, Indians and Whites

JOB CATEGORIES	MALE				FEMALE				SUB TOTAL MALE	SUB TOTAL FEMALE	TOTAL
	B	C	I	W	B	C	I	W			
Legislators, Snr Officials & Managers 2007	1	6	0	9	0	1	0	3	16	4	20
2008	4	16	0	10	3	6	1	6	30	16	46
2009	3	16	0	14	2	6	1	7	33	16	49
Professionals 2007	0	2	0	1	0	4	0	2	3	6	9
2008	1	6	0	5	0	2	0	0	12	2	14
2009	1	15	0	6	1	3	0	3	22	7	29
Technicians & associated professionals 2007	0	6	0	6	0	1	0	1	12	2	14
2008	1	21	1	4	1	3	0	2	27	6	33
2009	3	25	0	4					32	1	33
Clerks 2007	6	24	0	0	12	42	0	16	30	70	100
2008	9	36	0	0	15	52	0	23	45	90	135
2009	4	14	0	0	6	46	0	15	18	67	85
Service/Sales Workers 2007	1	16	0	1	1	0	0	0	18	1	19
2008	5	24	0	3	0	2	0	1	32	3	35
2009	11	31	0	4	3	17	0	4	46	24	70
Machine Operators 2007	7	42	0	0	1	0	0	0	49	1	50
2008	8	43	0	0	1	0	0	0	51	1	52
2009	8	52	0	0	0	3	0	0	60	3	63
Elementary Occupations 2007	33	122	0	1	8	18	0	0	156	26	182
2008	42	131	0	1	10	26	0	0	174	36	210
2009	47	135	0	1	11	33	0	0	183	44	227
TOTAL PERMANENT 2007	50	248	0	21	23	68	0	22	319	113	432
TOTAL PERMANENT 2008	72	309	1	24	30	93	1	32	410	152	562
TOTAL PERMANENT 2009	77	288	0	29	23	109	1	29	394	162	556

An updated draft Recruitment and Selection Policy, that is aligned with Employment Equity guidelines, are in a process of being finalized and must still be work shopped with Management, Council as well as the Local Labour Forum.

HUMAN RESOURCES DEVELOPMENT

Policies for internal bursaries are in place. The Training Committee, which follows a well-organised procedure involving all relevant role-players, meets on a monthly basis after the Local Labour Forum meeting. Transparent regulation of all courses involves the unions SAMWU and IMATU in all decision-making.

The focus has changed to one of securing SETA-accredited training providers to present and administer all courses, with all course results being captured on the Payday electronic HR information system. All skills development activities are being governed by the annual Workplace Skills Plan (WSP), as required by the Local Government SETA (LGSETA). Included in the

WSP, is a comprehensive staff development and mentoring strategy in order to make Theewaterskloof Municipality an attractive employment option for competent, professional and dedicated staff. Part of this strategy is to use retired professional people to act as Coaches and Mentors to implement on the job training.

During the course of the year under review a Skills Audit was conducted among all staff, responding to requests for training received from the staff, aimed at addressing needs at grassroots level. Such a response formed the basis of the training plan for the 2008/2009 financial year, during which year success was achieved in addressing the training needs identified by staff in such a way as to empower them to perform more efficiently.

Summary of Training Implemented for the Period 2008/2009

TYPE OF TRAINING : 2008/2009 PERIOD	TRAINING PROVIDER	DATE FROM	DATE TO	NUMBER OF TRAINEES
Basic Traffic Officer Course	Gene Louw College	08-Jul	08-Dec	2
Examiner of Drivers Licenses	Gene Louw College	08-Aug	08-Oct	1
Firearm Training	Gordonsbay Security Trust	15-Sep-08	16-Sep-08	15
SHE Legal Training	DEKRA	10-Sep-08	10-Sep-08	19
Outcomes based Monetering & Evaluation Course	University of Stellenbosch	29-Sep-08	03-Oct-08	1
Supply Chain Management Course	DBSA Vulindlela Academy	07-Oct-08	09-Oct-08	4
Water & Waste Water Treatment Course	University of Stellenbosch	06-Oct-08	08-Oct-08	3
Municipal Acquisition Management	DBSA Vulindlela Academy	27-Oct-08	29-Oct-08	16
Principles of Junior Management	Fumana People Development	21-Jul-08	25-Jul-08	12
Law Enforcement Course	Nelson Mandela Metropolitan University	29-Sep-08	02-Oct-08	15
Annual Labour Law Seminar	VIP Seminars	19-Nov-08	19-Nov-08	1
Management/ Leadsership Training for HR Managers	University of Western Cape	17-Nov-08	21-Nov-08	1
Active Supervision Course	Fumana People Development	17-Nov-08	21-Nov-08	19
Training : Operate A Tractor	Provincial Government	25-Nov-08	26-Nov-08	19
Problem Solving Course Snr Management	HR Outsource	25-Nov-08	25-Nov-08	18
Problem Solving Course Snr Management	HR Outsource	26-Nov-08	26-Nov-08	18
Stress Management Snr Management	HR Outsource	01-Dec-08	02-Dec-08	18
Stress Management Snr Management	HR Outsource	03-Dec-08	04-Dec-08	17
Water Treatment Course	Chris Swartz : Water Utilisation Engineers	09-Mar-09	13-Mar-09	4
Waste Water Treatment	Chris Swartz m : Water Utilisation Engineers	16-Mar-09	20-Mar-09	2
Water Treatment	Chris Swartz : Water Utilisation Engineers	09-Feb-09	13-Feb-09	3
Waste Water Treatment	Chris Swartz : Water Utilisation Engineers	16-Feb-09	20-Feb-09	3
NQF Support Link Course (SDF)	e-Degree	06-Apr-09	08-Apr-09	2
Conflict Management Snr Management	HR Outsource	30-Mar-09	31-Mar-09	15
Conflict Management Snr Management	HR Outsource	20-May-09	21-May-09	14
Risk Management Course	DBSA Vulindlela Academy	26-May-09	29-May-09	24

Number of Employees Trained For the Period 1 July 2008 to 30 June 2009

TRAINING	MALE	FEMALES
Total number of employees trained	104	33

Human Resources Administration Services

The Section is responsible for the administration of leave, as well as of all other fringe benefits relating to employees, such as medical aid contributions, housing schemes, etc. The post register for all employees, which is regularly updated, is maintained in this section. The administration of salaries is updated monthly. The Section is also responsible for ensuring that the correct salary information is given through to the Finance Department for each employee. The Section manages any enquiries relating to employee salaries and fringe benefits, as well as administering employment, the termination of service and leave.

Staff Wellness and Employee Assistance Programme

As a caring employer, Theewaterskloof Municipality started a process of establishing the following initiatives to nurture its key asset, its staff component:

- A series of diversity workshops were incorporated into the new Skills Development Plan for 2009/2010 in order to encourage tolerance, teamwork and understanding in the multicultural workforce;
- An event was arranged where all employees had an opportunity to go for free eye testing. Individuals who required further assistance were supported to obtain glasses;
- An Employee Assistance Program was drafted and will be submitted to Management and the Local Labour Forum for comments and further inputs.

The establishment of such initiatives, is intended to create a caring environment in terms of which motivated and competent staff can contribute to the enhancement of all communities living in Theewaterskloof area by means of professional and responsive service delivery

Disclosures concerning Councillors, Directors and Senior Officials:

Description	Mayor and Deputy Mayor	Executive Councillors	Part Time Councillors	Municipal Manager	Chief Financial; Officer	Other Senior Managers (Director)	Total
Salaries	1,396,807	1,004,770	3,035,295	631,992	523,068		6,591,932
Contribution: Medical Aid/Pension/UIF				74,846	109,247		184,093
Car Allowance				125,641	110,000		235,641
Performance Bonus				102,645	91,339		193,984
Director Operational Services							
Salaries						520,800	520,800
Contribution: Medical Aid/Pension/UIF						28,913	28,913
Car Allowance						110,000	110,000
Performance Bonus							
Director Corporate Services							
Salaries						538,215	538,215
Contribution: Medical Aid/Pension/UIF						113,032	113,032
Car Allowance						60,000	60,000
Performance Bonus						62,670	62,670
Director Community Services							
Salaries						456,510	456,510
Contribution: Medical Aid/Pension/UIF						133,704	133,704
Car Allowance						120,001	120,001
Performance Bonus							
Total	1,396,807	1,004,770	3,035,295	935,124	833,654	2,143,845	9,349,495
Outstanding Debt :Councillors							
Outstanding Debt: Directors							
Outstanding Debt; Staff							

Trends on Total Personnel & Councillor Remuneration:

<u>Year</u>	<u>Personnel</u>	<u>Councillors</u>
2008/2009	R66,170,883	R5,436,872
2007/2008	R58,950,648	R4,885,908
2006/2007	R44,839,063	R5,070,514
2005/2006	R40,913,654	R2,600,563
2004/2005	R38,011,170	R2,065,028

Total Remuneration of Councillors and Personnel:

PAYROLL REPORT	
PARTICULARS	AMOUNT
SALARY	48,599,617.43
OVERTIME	2,179,417.02
LONG SERVICE BONUS	108,885.00
UNPAID LEAVE	-120,944.44
LEAVE PAY	750,800.10
HOUSING ALLOWANCE	716,922.78
ACTING ALLOWNACE	568,491.85
CELLPHONE ALLOWANCE	259,730.87
BONUS	3,469,653.82
STANDBY	394,743.01
TRAVELLING ALLOWNACE	1,767,420.13
COUNCILOR ALLOWANCE (MEDICAL)	12,168.00
ENTERTAINMENT ALLOWANCE	52,600.24
TRAVELLING ALLOWANCE/SUBSIDY	3,567,848.63
BACKPAY (LUMPSUM)	18,258.40
TELEPHONE ALLOWNACE	61,361.30
GROSS EARNINGS	62,406,974.14
PENSION	7,578,218.81
UIF	466,894.09
MEDICAL AID	2,777,522.63
BARG.COUNCIL	22,500.65
SKILLS	565,711.03
GROUP INSURANCE	772,873.86
COMPANY CONTRIBUTIONS	12,183,721.07
GRAND TOTAL PAYROLL (INCLUDING COUNCILLORS RENUMERATION)	74,590,695.21

Number of Staff per Function

Function	No of Staff
EXECUTIVE AND COUNCIL	28
FINANCE AND ADMINISTRATION	121
PLANNING AND DEVELOPMENT	15
HEALTH	0
COMMUNITY AND SOCIAL SERVICES (LIBRARIES)	24
HOUSING	23
PUBLIC SAFETY (TRAFFIC)	57
SPORTS AND RECREATION	53
WASTE MANAGEMENT (SOLID WASTE)	95
WASTE WATER MANAGEMENT	45
ROADS	82
WATER	27
ELECTRICITY	22
OTHER ENGINEERING	5
TOTAL	597

CHAPTER 4

***AUDITED FINANCIAL STATEMENTS
&
RELATED INFORMATION***

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION

NATURE OF BUSINESS

Theewaterskloof Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Theewaterskloof Municipality includes the following areas:

<i>Caledon</i>	<i>Greyton</i>
<i>Grabouw</i>	<i>Genadendal</i>
<i>Villiersdorp</i>	<i>Botrivier</i>
<i>Riviersonderend</i>	<i>Tesselaarsdal</i>

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	<i>Mr. C. Punt</i>
Deputy Executive Mayor	<i>Mrs. P. Stanfliet</i>
Executive Councillor	<i>Mr. S. Vashu</i>
Executive Councillor	<i>Mr. L. de Bruyn</i>
Executive Councillor	<i>Mr. M. Tshaka</i>
Executive Councillor	<i>Mrs. C. Vosloo (Speaker)</i>

MUNICIPAL MANAGER

Mr. H.S.D. Wallace

CHIEF FINANCIAL OFFICER

Mr. S.N. Jacobs

REGISTERED OFFICE

6 Plein Street, CALEDON, 7230

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA Bank, P.O. Box 145, Caledon. 7230

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

ATTORNEYS

Bosman & Smit
Cheadle Thompson & Haysom Inc Attorneys
Equity Studio Pty Ltd
Fairbridges Attorneys
Forsmit Consultancy
Gab Consulting
Herold Gie Attorneys
IAJ Malherbe Incorporated
John Louw
Johnson & Genote
Johnson Kuun & Co
N. Allen Attorneys
Pretorius & Associates
Wallace Attorneys

MEMBERS OF THE THEEWATERSKLOOF MUNICIPALITY

WARD	COUNCILLOR
1	Mr. K. Tiemie
2	Mrs. C. Wood
3	Mr. L. de Bruyn
4	Mrs. A. van Brakel
5	Mrs. V. Mazembe
6	Mrs. C. Vosloo (Speaker)
7	Mr. J. Pheiffer
8	Mr. C. November
9	Mr. S. Fredericks
10	Mr. M. Damons
11	Mr. A. Hattingh
12	Mr. P. Makaza
Proportional	Mr. S. Baird
Proportional	Mrs. A. Arendse
Proportional	Mr. P. Adams
Proportional	Mr. E. Mentile
Proportional	Mrs. T. Simmers
Proportional	Mrs. M. Appel
Proportional	Mrs. D. Ruiters

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 70 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr. H.S.D. Wallace
Municipal Manager

31 August 2009
Date

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE THEEWATERSKLOOF MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Theewaterskloof Municipality (Theewaterskloof) which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages xx to xx.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 of the Standard of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by Theewaterskloof in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of Theewaterskloof as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Amendments to the applicable basis of accounting

9. As set out in accounting policy note 1.1 to the municipality's financial statements, the municipality has adopted the transitional provisions as allowed by Directive 4: *Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities* as issued by the Accounting Standards Board.

Material losses

10. As disclosed in note 37.4 to the financial statements, the municipality incurred water distribution losses of 631 565 megalitres (16.69%) for the year under review.

Restatement of corresponding figures

11. As disclosed in note 33 to the financial statements, during the current financial year (2008-09) the municipality adopted Standards of GRAP. This resulted in a significant change in accounting policy from the previous basis of accounting, being IMFO. In terms of the conversion to Standards of GRAP the comparative figures were significantly restated.
12. As disclosed in note 34 to the financial statements, the corresponding figures for the prior period's statement of financial position have been restated as a result of errors discovered during the current year ended 30 June 2009 in the financial statements of Theewaterskloof at, and for the year ended, 30 June 2008.

Other matters

I draw attention to the following matters which relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and accordingly, I do not express an opinion thereon.

Material underspending of the capital budget

14. The municipality has underspent its capital budget by R25 334 399 which equates to 29% of the budgeted expenditure for the year under review.

Material inconsistencies in other information included in the annual report

15. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Governance framework

16. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below.

Other key governance requirements

17. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		■

Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		■
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		■
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.	■	
Availability of key officials during the audit			
5.	Key officials were available throughout the audit process.	■	

Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	■	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 	■	
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		■
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2)(a) of the MFMA. 		■
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	■	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	■	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	■	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		■
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	■	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		■
14.	SCOPA resolutions have been substantially implemented.	Not applicable	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		■
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		■
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by Theewaterskloof against its mandate, predetermined objectives, outputs, indicators and targets (section 68 of the MFMA).	■	

18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	■	
-----	---	---	--

18. Significant difficulties were experienced during the audit owing to adequate document management not being implemented by the leadership of the municipality.
19. With the implementation of the Standards of GRAP, the municipality experienced difficulties in producing financial statements for audit purposes that were free from material errors and omissions, although not in all instances material. This situation could have led to the qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.
20. This is indicative of a situation where:
 - ongoing monitoring by the finance department is not effective enough to enable an assessment of the effectiveness of internal control over financial reporting
 - policies and procedures related to the financial reporting, which aims to improve the quality of reconciliations and maintenance of underlying records and, therefore, the accuracy and completeness of financial reporting, are not adequately established and communicated to staff in the finance department
 - management did not adequately identify risks relevant to accurate and complete financial reporting objectives and actions were not taken to address such risk. These risks should be identified by way of a formal risk assessment process relating to the achievement of financial reporting objectives and /or by implementing a formal and regularly monitored financial management improvement plan, which include actions to address not only the material findings arising from the prior year's external audit, but also the control and compliance deficiencies identified in that audit. The risk assessment process should inform the agendas of the audit committee and internal audit unit, which are essential elements in the review of the design and implementation of sound internal controls to achieve good governance and accountability over financial reporting.
21. Actions implemented by management to address the prior year audit findings during the 2008-09 financial year proved to be less effective than anticipated by management as a number of those findings reoccurred.
22. The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in the financial statements that have to be corrected during the audit period, the municipality needs to:
 - develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements
 - produce monthly accounts for review by management
 - subject the financial statements to a quality review before they are submitted for auditing. In this regard, the internal audit division and the audit committee can play a crucial role in the review process.
23. The development of a performance management system policy framework that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner, requires urgent attention from the accounting officer to ensure compliance with section 40 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

24. I have reviewed the performance information as set out on pages 16 to 35.

The accounting officer's responsibility for the performance information

25. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

26. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*, and section 45 of the MSA.

27. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

28. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Content of integrated development plan

29. The integrated development plan of Theewaterskloof did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

30. The internal audit processes and procedures did not include assessments of the functionality of Theewaterskloof's performance management system and whether the system complied with the requirements of the MSA.

Lack of adoption or implementation of a performance management system

31. Theewaterskloof did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Usefulness and reliability of reported performance information

32. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate? Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

Reported performance information not reliable

- 33. The reported performance information of the municipality, for the objective and indicators selected for review, could not be confirmed due to the lack of formally documented processes for collecting and collating data from the service delivery budget implementation plan (SDBIP) and comparing this information to the recorded information reflected in the annual report.
- 34. The indicators that were reviewed within four directorates were not always measurable and verifiable, as it was not possible to adequately validate the processes and systems that produce the data for the indicators.
- 35. The reported information in the annual report, for the objective and indicators selected for review, is materially inconsistent with the evidence obtained during the audit.

APPRECIATION

- 36. The assistance rendered by the staff of the Theewaterskloof Municipality during the audit is sincerely appreciated.

Cape Town
30 November 2009



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

MANAGEMENTS COMMENTS ON THE ISSUES RAISED IN THE AUDIT REPORT FOR THE YEAR ENDING 30 JUNE 2009.

DISCUSSION

The report reflects the position of the Theewaterskloof Municipality as at 30 June 2009. Extracts from the audit report and management response are as follow:

Material losses

10. As disclosed in note 37.4 to the financial statements, the municipality incurred water distribution losses of 631 565 megalitres (16.69%) for the year under review.

Management Response

Procedures will be put in place to minimize water losses. This will include dividing the supply areas into smaller zones and fitting zone water meters. It is anticipated that it will take about 3 years to do this part of the work but as soon as zone meters have been installed, evaluation of each individual zone can be done to determine where exactly losses are taking place. Procedures are already in place for abstracting customer water meter readings and comparing it with bulk supply on IMQS. This way the search for water losses will be greatly improved.

Material under spending of the capital budget

14. The municipality has under spent its capital budget by R25 334 399 which equates to 29% of the budgeted expenditure for the year under review.

Management Response

The under spending can be ascribed to:

- a. *The suspension of both the Housing Project Manager and the Manager Human Settlements.*
- b. *Applications delays to PGWC for re-phasing of projects as well as obtaining the increase of Subsidy Quantum (R8 302 233).*
- c. *MIG Funding of R8 905 000 for flood damage in Greyton received at the end of March 2009 and could therefore not be spent. The procurement process is also a lengthily process.*
- d. *Permission for the Greyton Sewerlink from Department of Land Affairs could not be obtained (Problem with Genadendal Transformation Committee) R5 385 155.*

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		■
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		■

Management Response

1. *Supporting documentation was available in all cases. The only exception was for the provision of bad debts which was not calculated in terms of the GRAP requirements. The provision was recalculated for the 2006/2007, 2007/2008 and*

2008/2009 financial years, which have taken a few days. It was the only case where there was a delay of requested information.

2. It was the first time that the Financial Statements were prepared in terms of General Recognised Accounting Practices (GRAP) and it is not unusual to have teething problems with the conversion from IMFO although a lot of work was done and arranged pro-actively for interim audit, discussion and correction where required.

No.	Matter	Y	N
7.	Internal audit		
	• The internal audit function operates in terms of an approved internal audit plan.		■
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2)(a) of the MFMA.		■

Management Response

We have upgraded the post of Internal Audit Manager to Deputy Director, due to the fact that we were not able to find a suitable candidate at the current remuneration package. The Deputy Director Internal Audit was appointed on 1 September 2009, the Internal Auditor on 1 July 2009 and the Internal Audit Clerk on 1 November 2009. A Risk Based Audit Plan was approved by the Audit Committee on 17 June 2009. We do believe that the Internal Audit function is more valuable than mere compliance.

The Unit is now fully established and well resourced to act as a valuable tool/function.

No.	Matter	Y	N
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		■

Management Response

A Risk Management Policy was workshopped and adopted by Council on 27 August 2009. We are waiting implementation of Enterprise Wide Risk Management Software (February 2010) and a Workshop for Councillors and Management is planned for the first quarter of 2010.

No.	Matter	Y	N
13.	The prior year audit findings have been substantially addressed.		■

Management Response

Of the 43 findings in the 2007/2008 management letter 14 were not substantially addressed. Most of them will be addressed in the 2009/2010 financial year.

However due to several key vacancies and no fully functional Internal Audit Unit, even the best internal controls would be ineffective. Most of the findings relate to Fixed Assets and these areas will be adequately addressed. A very competent and experienced Accountant: Assets have been appointed in August 2009.

To place the root causes of most of the audit findings in context it is important to take note of the following key vacant positions which impacted on the smooth running of the Finance Department and which were filled :

- *Manager: Budget Office- August 09*
- *Senior Clerk Budget Office- July 2009*
- *Accountant: Budget Office- July 2009*
- *Accountant: Financial Control and Costing- July 2009*
- *Chief: Financial Control and Costing- August 2009*
- *Accountant: Assets- August 2009 (assisting in Risk Management)*
- *Manager: Revenue- August 2009*
- *Accountant: Revenue- May 2009 (also on Maternity Leave from July 2009 - November 2009)*
- *Chief: Credit Control, Debt Collection and Indigents Management - September 2009*
- *Chief Clerk: Credit Control, Debt Collection and Indigents Management - July 2009*
- *3 Clerks: Credit Control, Debt Collection and Indigents Management- October 2009 & January 2010*
- *Deputy Director- Internal Audit- September 2009*
- *Internal Auditor- July 2009*
- *Internal Audit Clerk- July 2009*
- *3 Interns- June / July 2009*

Most internal controls, processes and procedures are in place and we continuously strive for excellence. We will further improve on other short comings now that all key vacancies have been filled.

We are also busy with Standard Operating Procedures for all functions in finance even in areas where we are performing well.

No.	Matter	Y	N
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		■
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		■

Management Response

1. *TWK is currently in the process of implementing a formal, electronic SDBIP and performance management system (PMS).*
2. *The new system will be managed by the Directorate Development (IDP Manager).*
3. *Training is being provided to all end users to ensure understanding and correct reporting.*
4. *KPIs will now be linked to the IDP.*
5. *All indicators are measurable and a comments option is available to ensure method of measurement.*
6. *Performance reporting will be done centrally.*
7. *The PMS system is currently in place; a policy will be adopted by January 2010.*
8. *The auditing of the performance management system will be attended to in the 2009/2010 financial year.*

18. Significant difficulties were experienced during the audit owing to adequate document management not being implemented by the leadership of the municipality.

Management Response

We do not agree with this statement. We are not aware of any inadequate documents not being available. This matter was never raised and did not appear in the Draft Audit Report which was discussed.

19. With the implementation of the Standards of GRAP, the municipality experienced difficulties in producing financial statements for audit purposes that were free from material errors and omissions, although not in all instances material. This situation could have led to the qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.
20. This is indicative of a situation where:
- ongoing monitoring by the finance department is not effective enough to enable an assessment of the effectiveness of internal control over financial reporting
 - policies and procedures related to the financial reporting, which aims to improve the quality of reconciliations and maintenance of underlying records and, therefore, the accuracy and completeness of financial reporting, are not adequately established and communicated to staff in the finance department
 - management did not adequately identify risks relevant to accurate and complete financial reporting objectives and actions were not taken to address such risk. These risks should be identified by way of a formal risk assessment process relating to the achievement of financial reporting objectives and /or by implementing a formal and regularly monitored financial management improvement plan, which include actions to address not only the material findings arising from the prior year's external audit, but also the control and compliance deficiencies identified in that audit. The risk assessment process should inform the agendas of the audit committee and internal audit unit, which are essential elements in the review of the design and implementation of sound internal controls to achieve good governance and accountability over financial reporting.

Management Response

Due to several key vacancies (as detailed in response number 21 below) and no fully functional Internal Audit Unit, even the best internal controls would be ineffective. Most internal controls, processes and procedures are in place and we continuously strive for excellence. We will further improve on other short comings now that all key vacancies have been filled. We are also busy with Standard Operating Procedures for all functions in finance even in areas where we are performing well.

21. Actions implemented by management to address the prior year audit findings during the 2008-09 financial year proved to be less effective than anticipated by management as a number of those findings reoccurred.

Management Response

Of the 43 findings in the 2007/2008 management letter 14 were not substantially addressed. Most of them will be addressed in the 2009/2010 financial year.

*However due to several key vacancies and no fully functional Internal Audit Unit, even the best internal controls would be ineffective. Most of the findings relate to Fixed Assets and these areas will be adequately addressed. A very competent and experienced Accountant : Assets have been appointed in August 2009.
To place the root causes of most of the audit findings in context it is important to take note of the following key vacant positions which impacted on the smooth running of the Finance Department and which were filled :*

- *Manager: Budget Office- August 09*
- *Senior Clerk Budget Office- July 2009*
- *Accountant: Budget Office- July 2009*
- *Accountant: Financial Control and Costing- July 2009*
- *Chief: Financial Control and Costing- August 2009*
- *Accountant: Assets- August 2009 (assisting in Risk Management)*

- *Manager: Revenue- August 2009*
- *Accountant: Revenue- May 2009 (also on Maternity Leave from July 2009 - November 2009)*
- *Chief: Credit Control, Debt Collection and Indigents Management - September 2009*
- *Chief Clerk: Credit Control, Debt Collection and Indigents Management - July 2009*
- *3 Clerks: Credit Control, Debt Collection and Indigents Management- October 2009 & January 2010*
- *Deputy Director- Internal Audit- September 2009*
- *Internal Auditor- July 2009*
- *Internal Audit Clerk- July 2009*
- *3 Interns- June / July 2009*

Most internal controls, processes and procedures are in place and we continuously strive for excellence. We will further improve on other short comings now that all key vacancies have been filled.

We are also busy with Standard Operating Procedures for all functions in finance even in areas where we are performing well.

22. The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in the financial statements that have to be corrected during the audit period, the municipality needs to:

- develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements
- produce monthly accounts for review by management
- subject the financial statements to a quality review before they are submitted for auditing. In this regard, the internal audit division and the audit committee can play a crucial role in the review process.

Management Response

Various forms of Capacity Building is also high on the agenda and we have commenced with Standard Operation Procedures for all functions/activities in Finance Directorate, which will improve reviews and pro-active corrections. Internal Audit will also play a significant role in auditing compliance, effectiveness, improvement and the identification of risks.

GRAP Standards are also changing like shares on the Stock Exchange and it is something that needs to be closely monitored and managed to ensure compliance.

23. The development of a Performance Management System Policy framework that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner, requires urgent attention from the accounting officer to ensure compliance with section 40 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).
29. The Integrated Development Plan of Theewaterskloof did not include the key performance indicators and performance targets determined in terms of its Performance Management System, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.
30. The Internal Audit Processes and procedures did not include assessments of the functionality of Theewaterskloof's performance management system and whether the system complied with the requirements of the MSA.
31. Theewaterskloof did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

33. The reported performance information of the municipality, for the objective and indicators selected for review, could not be confirmed due to the lack of formally documented processes for collecting and collating data from the service Delivery Budget Implementation Plan (SDBIP) and comparing this information to the recorded information reflected in the annual report.
34. The indicators that were reviewed within four directorates were not always measurable and verifiable, as it was not possible to adequately validate the processes and systems that produce the data for the indicators.
35. The reported information in the annual report, for the objective and indicators selected for review, is materially inconsistent with the evidence obtained during the audit.

Management Response

1. *TWK is currently in the process of implementing a formal, electronic SDBIP and performance management system (PMS).*
2. *The new system will be managed by the Directorate Development (IDP Manager).*
3. *Training is being provided to all end users to ensure understanding and correct reporting.*
4. *KPIs will now be linked to the IDP.*
5. *All indicators are measurable and a comments option is available to ensure method of measurement.*
6. *Performance reporting will be done centrally.*
7. *The PMS system is currently in place; a policy will be adopted by January 2010.*
8. *The auditing of the performance management system will be attended to in the 2009/2010 financial year.*

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		189 367 765	179 245 526
Capital Replacement Reserve	2	716 718	4 414 013
Social Contribution Reserve	2	30 650	-
Accumulated Surplus/(Deficit)		188 620 397	174 831 513
Non-Current Liabilities		102 304 610	68 754 891
Long-term Liabilities	3	83 128 469	52 917 943
Employee benefits	4	19 176 141	15 836 948
Current Liabilities		46 519 854	35 392 079
Consumer Deposits	5	2 697 122	2 395 273
Current Portion of Employee benefits	6	892 433	813 062
Provisions	7	473 434	64 981
Trade and other payables	8	24 156 439	19 912 668
Unspent Conditional Government Grants and Receipts	9	8 428 213	3 726 897
Taxes	10	4 885 290	4 200 721
Operating Lease Liability	18.1	1 685	10 069
Current Portion of Long-term Liabilities	3	4 985 238	4 268 408
Total Net Assets and Liabilities		338 192 229	283 392 496
ASSETS			
Non-Current Assets		286 858 202	245 267 187
Property, Plant and Equipment	11	260 394 647	217 015 750
Investment Property	12	26 019 913	28 033 106
Intangible Assets	13	351 689	78 877
Long-Term Receivables	14	91 953	139 454
Current Assets		51 334 027	38 125 309
Inventory	15	85 630	83 329
Trade Receivables from exchange transactions	16	14 187 567	12 699 489
Other Receivables from non-exchange transactions	16	5 977 842	4 993 209
Operating Lease Asset	18.2	276	2 172
Current Portion of Long-term Receivables	14	12 160	28 108
Cash and Cash Equivalents	19	31 070 552	20 319 002
Total Assets		338 192 229	283 392 496

THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		99 110 764	126 848 631
Taxation Revenue		34 400 291	30 601 134
Property taxes	20	34 400 291	30 601 134
Transfer Revenue		59 558 295	90 352 347
Government Grants and Subsidies	21	59 558 295	90 352 347
Other Revenue		5 152 178	5 895 150
Fines		5 152 178	5 895 150
Revenue from Exchange Transactions		114 738 680	92 930 337
Property Rates - penalties imposed and collection charges		-	-
Service Charges	22	93 139 095	74 682 236
Rental of Facilities and Equipment		1 459 512	1 519 179
Interest Earned - external investments		3 714 520	2 833 353
Interest Earned - outstanding debtors		8 104 824	7 316 155
Licences and Permits		2 406 924	2 249 311
Income for Agency Services		1 414 819	1 543 554
Other Income	23	4 495 796	2 783 028
Unamortised discount - Interest	24	3 190	3 521
Total Revenue		<u>213 849 444</u>	<u>219 778 968</u>
INCOME			
Other Income		1 323 257	-
Total Income		<u>1 323 257</u>	<u>-</u>
EXPENDITURE			
Employee related costs	25	71 982 514	58 047 696
Remuneration of Councillors	26	5 436 873	4 885 908
Debt Impairment	27	24 525 689	14 295 604
Depreciation and Amortisation		17 841 291	13 782 245
Impairments	28	33 025	-
Repairs and Maintenance		14 316 897	12 600 600
Finance Charges	29	7 235 480	4 098 252
Bulk Purchases	30	22 525 710	17 001 379
Contracted services		8 538 469	7 945 511
Grants and Subsidies Paid	31	8 837 052	6 209 235
Other Operating Grant Expenditure		2 707 082	3 131 337
General Expenses	32	24 676 453	23 739 216
Total Expenditure		<u>208 656 535</u>	<u>165 736 983</u>
Operating Surplus for the Year		6 516 166	54 041 985
Gain on disposal of Property, Plant & Equipment/Investment Property		3 606 078	566 586
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>10 122 244</u>	<u>54 608 571</u>
Refer to Appendix E(1) for explanation of variances			

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre-GAMAP Reserves and Funds	Capital Replacement Reserve	Social Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 JULY 2007					
Change in accounting policy - See Note 33.01	7 627 185	-	-	13 962 255	21 589 440
Change in accounting policy - See Note 33.13	(7 627 185)	7 627 185	-	-	-
	-	-	-	103 047 539	103 047 539
Restated Balance at 1 JULY 2007	-	7 627 185	-	117 009 794	124 636 979
Net Surplus/(Deficit) for the year	-	-	-	54 608 571	54 608 571
Transfer to CRR	-	3 538 152	-	(3 538 152)	-
Property, Plant and Equipment purchased	-	(6 751 324)	-	6 751 324	-
Rounding	-	-	-	(24)	(24)
Balance at 30 JUNE 2008	-	4 414 013	-	174 831 513	179 245 526
Restated balance	-	4 414 013	-	174 831 513	179 245 526
Net Surplus/(Deficit) for the year	-	-	-	10 122 244	10 122 244
Transfer to CRR	-	3 766 807	-	(3 766 807)	-
Property, Plant and Equipment purchased	-	(7 464 102)	-	7 464 102	-
Contribution to Social Contribution Reserve	-	-	30 650	(30 650)	-
Rounding	-	-	-	(5)	(5)
Balance at 30 JUNE 2009	-	716 718	30 650	188 620 397	189 367 765

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange Transactions		99 573 050	79 372 752
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		100 258 166	119 512 559
Cash payments to suppliers and employees		(165 525 023)	(139 725 127)
Cash receipts and payments on VAT transactions		684 569	1 186 696
Cash generated/(absorbed) by operations	35	34 990 762	60 346 880
Interest Received		6 448 083	4 221 534
Interest Paid		(6 030 991)	(4 098 252)
Net Cash from Operating Activities		35 407 854	60 470 162
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(60 724 338)	(82 460 479)
Proceeds on Disposal of Fixed Assets		1 728 414	1 490 639
Proceeds on Disposal of Investment Properties		3 459 270	312 000
Purchase of Intangible Assets		(370 102)	-
Net Cash from Investing Activities		(55 906 756)	(80 657 840)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		33 390 680	24 857 314
New loans (repaid)		(2 463 324)	(1 764 966)
(Increase)/Decrease in Long-term Receivables		21 249	40 762
Increase/(Decrease) in Consumer Deposits		301 849	130 477
Rounding		(2)	(18)
Net Cash from Financing Activities		31 250 452	23 263 569
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10 751 550	3 075 891
Cash and Cash Equivalents at the beginning of the year		20 319 002	17 243 111
Cash and Cash Equivalents at the end of the year	36	31 070 552	20 319 002
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10 751 550	3 075 891

ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IFRS 12 (AC102)	Income Taxes
IFRS 19 (AC116)	Employee Benefits
IFRS 32 (AC125)	Financial Instruments: Presentation

IFRS 39 (AC133)	Recognition and Measurement
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories (Please refer to Note 48.5 of the notes to the financial statements);
GRAP 16 – Investment Property (Please refer to Note 48.3 of the notes to the financial statements);
GRAP 17 – Property, Plant and Equipment (Please refer to Note 11 of the notes to the financial statements);
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets (Please refer to Note 48.1 of the notes to the financial statements);
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations (Please refer to Note 48.2 of the notes to the financial statements);
GRAP 102 – Intangible Assets (Please refer to Note 48.4 of the notes to the financial statements).

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

1.6. RESERVES

1.6.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.6.2 Social Contribution Reserve

Theewaterskloof Municipality's approach to ensuring Social upliftment is underpinned by the view of achieving realistic balance between meeting the development needs of our communities while simultaneously ensuring that the particular project makes financially viable sense for the Municipality, i.e. deriving value for our business.

In this context, the primary objectives of this policy are to:

- Ascribe relevant and notable contributions to Development and Construction companies to the social development agenda related solely to initiatives targeted for the previously disadvantaged communities. This can include, but is not limited to education programs, community programs, job creation initiatives, Health programs, conservation, community tourism initiatives and marketing initiatives to develop the local black tourist market.
- Nurture a reputation amongst our stakeholders (businesses) for being compassionate organizations playing its part in the upliftment of the poorest of the poor within our Municipal jurisdiction.

- As a local government, we are able to guide business sector into focus areas, which our communities have identified as their priority areas (through the IDP engagements), where private sector contributions would make a tangible difference.

Theewaterskloof Municipality recognises that business are not social development experts and therefore, the social development contributions ascribed can be contributed via the mechanism of financial and/or in-kind grant making, to the Municipality.

Contribution: 1% of selling price of property.

1.7. LEASES

1.7.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.10. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.11. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.12.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.12.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

1.12.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

1.13.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.14.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.17. INVENTORIES

1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.18.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.18.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.18.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment

was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.18.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.18.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.18.3 De-recognition of Financial Instruments

1.18.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.18.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.18.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19. REVENUE

1.19.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property.

Service charges from sewerage are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.19.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.20. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.21. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.25. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.19.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.19.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.19 above) . Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.26. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.27. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2 NET ASSET RESERVES		
RESERVES	747 368	4 414 013
Capital Replacement Reserve	716 718	4 414 013
Social Contribution Reserve	30 650	-
Total Net Asset Reserve and Liabilities	747 368	4 414 013

	2009 R	2008 R
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	87 803 590	56 860 384
Capitalised Lease Liability - At amortised cost	310 117	325 967
	88 113 707	57 186 351
<u>Less:</u> Current Portion transferred to Current Liabilities	(4 985 238)	(4 268 408)
Annuity Loans - At amortised cost	4 838 277	4 084 980
Capitalised Lease Liability - At amortised cost	146 961	183 428
	83 128 469	52 917 943
Total Long-term Liabilities - At amortised cost using the effective interest rate method	83 128 469	52 917 943

Annuity loans at amortised cost is calculated at 9.29%-17.82% interest rate, with first maturity date of 31 December 2009 and last maturity date of 31 March 2029. The schedule of contractual maturity analysis for Annuity Loans:

Maturity within one year	1 190 032	263 751
Maturity within two to five years	9 756 969	11 669 338
Maturity after five years	76 856 590	44 927 293
Present value of annuity loan obligations	87 803 591	56 860 382

No assets are pledged as security for annuity loans raised according to loan contracts.

	2009 R	2008 R
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	176 282	293 251
Payable within two to five years	179 956	53 117
Payable after five years	-	-
	356 238	346 368
<u>Less:</u> Future finance obligations	(46 121)	(20 402)
Present value of lease obligations	310 117	325 966

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 11

	2009 R	2008 R
4 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	17 096 098	14 157 398
Long Service Awards - Refer to Note 4.2	2 080 043	1 679 550
Total Non-current Employee Benefit Liabilities	19 176 141	15 836 948

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.1

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4	EMPLOYEE BENEFITS (CONTINUE)	2009 R	2008 R
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	149	110
	Continuation members (e.g. Retirees, widows, orphans)	26	26
	Total Members	175	136
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	8 907 201	6 278 820
	Continuation members	8 855 173	8 503 056
	Total Liability	17 762 374	14 781 876
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas; LA Health Hosmed Samwumed; and Keyhealth.		
	The Future-service Cost for the ensuing year is estimated to be R786 428, whereas the Interest- Cost for the next year is estimated to be R1 007 524.		
	Key actuarial assumptions used:	2009 %	2008 %
	i) Rate of interest		
	Discount rate	9.11%	8.00%
	Health Care Cost Inflation Rate	7.78%	6.50%
	Net Effective Discount Rate	1.23%	1.41%
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.		
	The amounts recognised in the Statement of Financial Position are as follows:	2009 R	2008 R
	Present value of fund obligations	17 762 374	14 781 876
	Net liability/(asset)	17 762 374	14 781 876
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
	Reconciliation of present value of fund obligation:	2009 R	2008 R
	Present value of fund obligation at the beginning of the year	14 781 876	13 577 334
	Total expenses	1 342 333	1 219 737
	Current service cost	786 428	728 174
	Interest Cost	1 157 571	1 062 732
	Benefits Paid	(601 666)	(571 169)
	Actuarial (gains)/losses	1 638 165	(15 195)
	Present value of fund obligation at the end of the year	17 762 374	14 781 876
	<u>Less:</u> Transfer of Current Portion - Note 6	(666 276)	(624 478)
	Balance 30 June	17 096 098	14 157 398

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	8.907	8.855	17.762	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	10.734	9.729	20.463	15%
Health care inflation	-1%	7.462	8.097	15.559	-12%
Post-retirement mortality	-1 year	9.192	9.211	18.402	4%
Average retirement age	-1 year	9.664	8.855	18.519	4%
Withdrawal Rate	-50%	9.841	8.855	18.696	5%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 542 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R219 771, whereas the Interest cost for the next year is estimated to be R373 035.

Key actuarial assumptions used:

i) Rate of interest

	2009 %	2008 %
Discount rate	9.17%	8.00%
General Salary Inflation (long-term)	6.56%	6.00%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	1.89%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 306 200	1 868 134
Net liability/(asset)	2 306 200	1 868 134
	2009 R	2008 R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 868 134	1 723 058
Total expenses	252 793	176 175
Current service cost	219 771	203 492
Interest Cost	141 907	130 296
Benefits Paid	(108 885)	(157 613)
Actuarial (gains)/losses	185 273	(31 099)
Present value of fund obligation at the end of the year	2 306 200	1 868 134
<u>Less:</u> Transfer of Current Portion - Note	(226 157)	(188 584)
Balance 30 June	2 080 043	1 679 550

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.306	
General salary inflation	1%	2.473	7%
General salary inflation	-1%	2.157	-6%
Average retirement age	-2 yrs	1.973	-14%
Average retirement age	2 yrs	2.587	12%
Withdrawal rates	-50%	2.798	21%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5	CONSUMER DEPOSITS	2009 R	2008 R
	Water & Electricity	2 697 122	2 395 273
	Total Consumer Deposits	2 697 122	2 395 273
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
6	CURRENT PORTION OF EMPLOYEE BENEFITS	2009 R	2008 R
	Current Portion of Employee Benefits	892 433	813 062
	Current Portion of Post Retirement Benefits	666 276	624 478
	Current Portion of Long-Service Provisions	226 157	188 584
	Total Current Portion of Employee Benefits	892 433	813 062
	For more information regarding the Employee Benefits - Refer to Note 4		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.1		
7	PROVISIONS	2009 R	2008 R
	Performance Bonuses	408 453	-
	Pension	48 478	48 478
	Group Insurance	16 503	16 503
	Total Provisions	473 434	64 981
	<u>Group insurance</u>		
	Balance at beginning of year	16 503	16 503
	Balance at end of year	16 503	16 503
	Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. There is no possibility of reimbursement.		
	<u>Pension</u>		
	Balance at beginning of year	48 478	64 419
	Expenditure incurred	-	(15 941)
	Balance at end of year	48 478	48 478
	Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.		
	<u>Performance Bonuses</u>		
	Contribution to provision	408 453	-
	Balance at end of year	408 453	-
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<u>TOTAL - CURRENT PROVISIONS</u>		
	Balance at beginning of year	-	80 922
	Contribution to provision	408 453	-
	Expenditure incurred	-	(15 941)
	Balance at end of year	408 453	64 981

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

8	TRADE AND OTHER PAYABLES	2009 R	2008 R
	Trade Payables	10 824 329	8 772 820
	Interest Accrued	1 204 489	-
	Payments received in advance	3 135 340	4 541 956
	Retentions	3 088 025	1 493 704
	Staff Leave	5 222 716	4 820 569
	Deposits	681 540	283 619
	Total Trade Payables	24 156 439	19 912 668

Payables being paid within 30 days are being recognised net of discounts.
Deposits include Hall, Builders and Housing Deposits.

Staff Leave

Balance at beginning of year	4 820 569	5 191 690
Contribution to provision	402 147	-
Expenditure incurred	-	(371 121)
Balance at end of year	5 222 716	4 820 569

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2009 R	2008 R
	Unspent Grants	8 428 213	3 726 897
	National and Provincial Government Grants	8 428 213	3 726 897
	Total Conditional Grants and Receipts	8 428 213	3 726 897

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

10	TAXES	2009 R	2008 R
	VAT Payable	4 885 290	4 200 721

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

12 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost
Accumulated Depreciation

Disposals
Depreciation for the year

Net Carrying amount at 30 June

Cost
Accumulated Depreciation

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.3

2009
R

2008
R

28 033 106

28 896 078

43 428 710

43 740 710

(15 395 604)

(14 844 632)

(1 529 503)

(312 000)

(483 690)

(550 972)

26 019 913

28 033 106

41 899 207

43 428 710

(15 879 294)

(15 395 604)

13 INTANGIBLE ASSETS

Net Carrying amount at 1 July

Cost
Accumulated Amortisation

Acquisitions
Amortisation

Net Carrying amount at 30 June

Cost
Accumulated Amortisation

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.4

2009
R

2008
R

78 877

118 478

197 464

197 464

(118 587)

(78 986)

370 102

-

(97 290)

(39 601)

351 689

78 877

567 566

197 464

(215 877)

(118 587)

14 LONG TERM RECEIVABLES

Officials Housing Loans - At amortised cost
Sport Club Loans - At amortised cost

Less: Unamortised Discount on Loans

Balance 1 July
Adjustment for the period
Change in Accounting Policy - Note 33.03
Restatement of prior year comparatives

Less: Current portion transferred to current receivables

Officials Housing Loans - At amortised cost
Sport Club Loans - At amortised cost

Less: Provision for Impairment of Long Term Receivables

Total Long Term Receivables

HOUSING LOANS

Housing loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2020.

SPORT CLUB LOANS

Sport Club loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Sport Clubs were entitled to loans which attract interest at 6-8% per annum and which are repayable over a maximum period of 40 years. These loans are repayable up to the year 2024.

All balances past due have been impaired.

2009
R

2008
R

59 701

69 574

104 961

116 337

(15 159)

(18 349)

(18 349)

-

3 190

-

-

(21 870)

-

3 521

149 503

167 562

(12 160)

(28 108)

(3 881)

(15 376)

(8 279)

(12 732)

137 343

139 454

(45 390)

-

91 953

139 454

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

						2009 R	2008 R
15	INVENTORY						
	Water – at cost					85 630	83 329
	Total Inventory					85 630	83 329
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.5						
						2009 R	2008 R
16	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS						
	Service Receivables						
	Electricity					4 199 104	3 304 766
	Water					21 978 014	18 762 941
	Refuse					15 665 198	13 732 100
	Sewerage					17 357 421	17 074 737
	Total Service Receivables					59 199 737	52 874 544
	Less: Allowance for Doubtful Debts					(47 398 806)	(42 564 738)
	Net Service Receivables					11 800 931	10 309 806
	Other Receivables						
	Sundry Receivables					2 386 636	2 389 683
	Total Other Receivables					2 386 636	2 389 683
	Less: Allowance for Doubtful Debts					-	-
	Net Other Receivables					2 386 636	2 389 683
	Total Net Receivables from Exchange Transactions					14 187 567	12 699 489
	TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS						
						2009 R	2008 R
	Service Receivables						
	Rates					23 058 359	18 980 586
	Other Receivables					6 929 673	6 627 429
	Total Service Receivables					29 988 032	25 608 015
	Less: Allowance for Doubtful Debts					(24 010 190)	(20 614 806)
	Net Service Receivables					5 977 842	4 993 209
	Total Net Receivables from Non-Exchange Transactions					5 977 842	4 993 209
	Total Trade Receivables					20 165 409	17 692 698
	Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's		
	2009						
	Total Receivables	78 974 220	2 386 636	10 213 549	91 574 405		
	Less: Provision for doubtful debts	(71 408 998)	-	-	(71 408 998)		
	Total Recoverable debtors by customer classification	7 565 224	2 386 636	10 213 549	20 165 409		
	Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's		
	2008						
	Total Receivables	78 405 020	2 389 683	2 077 539	80 872 242		
	Less: Provision for doubtful debts	(63 179 544)	-	-	(63 179 544)		
	Total Recoverable debtors by customer classification	13 225 476	2 389 683	2 077 539	17 692 698		
	Trade and other receivables past due but not impaired						

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

17	TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS	2009 R	2008 R
	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
The ageing of amounts past due but not impaired is as follows:			
2009			
1 month past due	420 587	202 447	623 034
2 + months past due	4 704 886	5 158 032	9 862 918
Total	5 125 473	5 360 479	10 485 952
2008			
1 month past due	104 099	50 107	154 206
2 + months past due	822 885	902 141	1 725 026
Total	926 984	952 248	1 879 232

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Trade and other receivables impaired

2009	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	(47 398 806)	(24 010 190)	(71 408 996)
2008	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	(42 564 738)	(20 614 806)	(63 179 544)

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

	2009 R	2008 R
Balance at beginning of the year	63 179 544	66 875 995
Contributions to provision	24 480 300	14 295 604
Doubtful debts written off against provision	(16 250 848)	(17 992 055)
Balance at end of year	71 408 996	63 179 544

18	OPERATING LEASE ARRANGEMENTS	2009 R	2008 R
18.1	The Municipality as Lessee		
	Balance on 1 July	10 069	-
	Operating Lease Liability previously not recognised up to 30 June 2007 - Note 33.13 and Note 33.15	-	8 213
	Restated Balance on 1 July	10 069	8 213
	Movement during the year	(8 384)	1 856
	Balance on 30 June	1 685	10 069
Theewaterskloof Municipality is leasing plot no. 538, in Caledon, from Tresso Trading 525 (Pty) Ltd for 3 year during the period September 2006 to August 2009 with a escalation of 8% per year.			
		2009 R	2008 R
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	23 328	138 240
	1 to 5 Years	-	23 328
	More than 5 Years	-	-
	Total Operating Lease Arrangements	23 328	161 568

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
18 OPERATING LEASE ARRANGEMENTS (CONTINUE)		
18.2 The Municipality as Lessor		
Balance on 1 July	2 172	-
Operating Lease Asset previously not recognised - Note 33.13 and Note 33.14	-	3 798
Restated Balance on 1 July	2 172	3 798
Operating Lease Asset for the current year	(1 896)	(1 626)
Balance on 30 June	276	2 172

Theewaterskloof Municipality is leasing a number of land and some buildings to different rate payers for periods ranging from 24-119 months with escalations of between 1% and 12% per year.

	2009 R	2008 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	152 934	66 134
1 to 5 Years	103 628	75 217
More than 5 Years	14 594	27 333
Total Operating Lease Arrangements	271 156	168 684

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2015

	2009 R	2008 R
19 CASH AND CASH EQUIVALENTS		
Assets		
Call Investments Deposits	25 484 760	8 642 309
Primary Bank Account	5 580 722	11 671 623
Cash Floats	5 070	5 070
Total Cash and Cash Equivalents - Assets	31 070 552	20 319 002

Call Investments Deposits to an amount of R8 428 212 are held to fund the Unspent Conditional Grants (2008: R3 726 896).

Bank overdraft of R2 000 000 exists at ABSA and ABSA also has one guarantee of R15 000 in the name of the beneficiary, Eskom.

	2009 R	2008 R
The municipality has the following bank accounts:		
Current Accounts		
Caledon ABSA - Account Number 405 7866 237 (Primary Bank Account):	5 580 722	11 671 623
Caledon ABSA - Account Number 4059155676 (Traffic Account)	-	-
	5 580 722	11 671 623
Caledon ABSA - Account Number 405 7866 237 (Primary Bank Account):		
Cash book balance at beginning of year	11 671 623	2 683 643
Cash book balance at end of year	5 580 722	11 671 623
Bank statement balance at beginning of year	11 825 236	6 415 615
Bank statement balance at end of year	6 726 645	11 825 236
Caledon ABSA - Account Number 4059155676 (Traffic Account)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

20

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Total Assessment Rates

2009 R	2008 R
34 400 291	30 601 133
34 400 291	30 601 133
34 400 291	30 601 133

Valuations - 1 JULY 2008

Rateable Land and Buildings

Residential

Business & Commercial

Public benefit Organizations

State-owned

Agricultural

Other

Total Assessment Rates

2009 R	2008 R
3 008 779 183	3 008 779 183
1 079 154 903	1 079 154 903
293 526 500	293 526 500
98 511 400	98 511 400
61 009 800	61 009 800
1 328 379 440	1 328 379 440
148 197 140	148 197 140
3 008 779 183	3 008 779 183

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R15 000 on the valuation is exempted.

Rebates on Income - Basic Rate:

Residential

Commercial

Industrial, Agricultural and Casino

1.6c/R

1.8c/R

2.0c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

21

GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share - Refer to Note 21.1

MIG Funds

ROR

MSIG Funds

CDW's

Financial Management Grant

GIS

LGSETA

Botrivier Library

Project Preparation Grant

Masibambani DWAF

Financial Reform ODM

Culemborg Play Parks

Toilets Grabouw

National Electrification Programme

Housing

Genadendal Water Upgrade

Dennekruin Town Establishment

Sportsfields Villiersdorp

Multi-purpose Panalvan

Disaster Fund (MIG)

Main Roads: Subsidy

Subsidy: Library

PAWK

Botrivier Development Policy

Total Government Grants and Subsidies

2009 R	2008 R
26 553 860	20 719 907
11 847 701	27 940 283
852 942	4 505
963 919	1 109 191
29 031	37 023
588 958	621 339
183 616	281 855
56 030	59 900
-	1 959
-	55 100
78 398	495 461
-	17 740
12 852	-
21 076	138 924
309 906	747 286
12 636 707	32 371 340
5 335	129 865
32 171	-
18 166	959 578
-	242 556
-	183 915
1 452 722	908 793
520 469	315 893
3 261 967	3 009 934
132 469	-
59 558 295	90 352 347

The municipality does not expect any significant changes to the level of grants.

21.1

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 8kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R123 per month (2008: R89).

(See Appendix 'F' for a reconciliation of all grants).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
22	SERVICE CHARGES		
	Electricity	31 995 993	28 792 229
	Water	30 080 362	21 545 810
	Refuse removal	14 948 769	12 736 633
	Sewerage and Sanitation Charges	14 496 595	11 813 520
	Other Service Charges	1 617 376	1 794 044
	Total Service Charges	93 139 095	74 682 236
23	OTHER INCOME	2009 R	2008 R
	Other income represents sundry income such as administration income, building plans and legal income.	4 495 796	2 783 028
	Total Other Income	4 495 796	2 783 028
24	UNAMORTISED DISCOUNT - INTEREST	2009 R	2008 R
	Long term loans - Income	3 190	3 521
		3 190	3 521
25	EMPLOYEE RELATED COSTS	2009 R	2008 R
	Other Allowance	558 696	623 893
	Housing Subsidy	716 923	620 108
	Bonus	3 692 468	2 652 682
	Standby Allowances	394 824	357 307
	Restructured Salaries	819 433	878 388
	Overtime	2 160 612	1 953 052
	Salaries	43 674 020	36 951 661
	Leave Reserve Fund	1 076 934	99 579
	Transport Allowance	4 288 307	3 324 426
	Group Insurance	773 172	665 716
	Medical Aid Contribution	2 165 870	1 600 838
	Pension Fund Contribution	7 192 022	6 106 283
	Unemployment Fund	449 021	394 076
	Contribution to provision - Long Service Awards - Note 4.2	108 885	157 613
	Contribution to provision - Post Retirement Medical - Note 4.1	601 666	571 169
	Contribution to provision	186 763	202 884
	Actuarial losses	1 823 438	-
	Actuarial Gains	-	(46 294)
	Post Retirement Finance Charges	1 299 470	1 193 028
		71 982 514	58 306 409
	<u>Less:</u> Employee Costs allocated elsewhere	-	(258 713)
	Total Employee Related Costs	71 982 514	58 047 696

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 7-year and Chief Financial Officer and Director: Corporate Services on a 10-year fixed contract, and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2009 R	2008 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	677 810	543 989
Performance Bonuses	-	102 645
Car Allowance	125 641	125 640
Contributions to UIF, Medical and Pension Funds	19 912	63 552
Total	823 363	835 826

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
25	EMPLOYEE RELATED COSTS (CONTINUE)		
	<i>Remuneration of the Director Operational Services</i>		
	Annual Remuneration	535 100	349 187
	Performance Bonuses	-	63 193
	Car Allowance	110 000	66 000
	Contributions to UIF, Medical and Pension Funds	38	148 643
	Total	645 138	627 023
		2009 R	2008 R
	<i>Remuneration of the Director Corporate Services</i>		
	Annual Remuneration	548 993	472 343
	Performance Bonuses	-	62 670
	Car Allowance	60 000	60 000
	Contributions to UIF, Medical and Pension Funds	94 794	94 360
	Total	703 787	689 373
		2009 R	2008 R
	<i>Remuneration of the Director Community Services</i>		
	Annual Remuneration	472 110	383 133
	Car Allowance	120 001	120 000
	Contributions to UIF, Medical and Pension Funds	111 677	112 922
	Total	703 788	616 055
		2009 R	2008 R
	<i>Remuneration of the Director Financial Services</i>		
	Annual Remuneration	622 668	432 821
	Performance Bonuses	-	91 339
	Car Allowance	110 000	120 000
	Contributions to UIF, Medical and Pension Funds	-	99 600
	Total	732 668	743 760
26	REMUNERATION OF COUNCILLORS	2009 R	2008 R
	Mayor	542 755	481 696
	Deputy Mayor	439 014	388 236
	Speaker	439 014	388 236
	Mayoral Committee Members	1 025 740	1 059 673
	Councillors	2 990 350	2 568 067
	Total Councillors' Remuneration	5 436 873	4 885 908
	<i>In-kind Benefits</i>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and three mayoral committee members are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
27	DEBT IMPAIRMENT	2009 R	2008 R
	Long term Receivables - Note 14	45 390	-
	Trade Receivables from exchange transactions - Note 16	14 379 990	8 887 614
	Trade Receivables from non-exchange transactions - Note 16	10 100 309	5 407 990
	Total Contribution to Impairment Provision	24 525 689	14 295 604
28	IMPAIRMENTS	2009 R	2008 R
	Property Plant & Equipment	33 025	-
		33 025	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
29	FINANCE CHARGES		
	Long-term Liabilities	7 202 450	4 045 848
	Finance leases	33 030	52 404
	Total finance charges	7 235 480	4 098 252
		2009 R	2008 R
30	BULK PURCHASES		
	Electricity	17 317 415	12 859 753
	Water	5 208 295	4 141 626
	Total Bulk Purchases	22 525 710	17 001 379
		2009 R	2008 R
31	GRANTS AND SUBSIDIES PAID		
	Indigent Subsidies	8 837 052	6 209 235
	Total Grants and Subsidies	8 837 052	6 209 235
		2009 R	2008 R
32	GENERAL EXPENSES		
	General Expenses	24 676 453	23 739 216
	General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.		
		2008 R	2007 R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality accounted for under the Institute of Municipal Finance Officers (IMFO) Accountants arising from the implementation of General Recognised Accounting Practice (GRAP):		
33.01	Statutory Funds & Reserves not required		
	Surplus statutory funds and reserves were removed as they are not required by GRAP.		
	Balance previously reported:	12 772 417	7 627 185
	Opening balance GRAP movements 2007	(7 627 185)	-
	Implementation of GRAP		
	Transferred to the Capital Replacement Reserve	(3 538 152)	(7 627 185)
	Transfer to Statement of Financial Performance - See Note 33.16	(1 607 080)	-
	Total	-	-
		2008 R	2007 R
33.02	Provisions and Trust Funds		
	Surplus provision and reserves were removed as they are not required by GRAP.		
	Balance previously reported:	(4 885 550)	(5 272 612)
	Opening balance GRAP movements 2007	5 272 612	-
	Implementation of GRAP		
	Transfer to Current Provisions - Group Insurance - Note 33.05	-	18 503
	Transfer to Trade Payables - Leave Gratuity fund - Note 33.19	(371 121)	5 191 690
	Transfer to Current Provisions - Lump sum Pension - Note 33.05	(15 941)	64 419
	Total	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2008 R	2007 R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP (CONTINUE)		
33.03	Long-term Liabilities		
	Finance Leases moved from operating to Liabilities as they are required by GRAP.		
	Balance previously reported:	56 791 326	33 623 086
	Opening balance GRAP movements 2007	470 915	-
	Transfer to Statement of Financial Performance - See Note 33.16	69 057	-
	Implementation of IAS 39 - Financial Instruments	(144 947)	470 915
	Leases Liabilities not previously recognised transferred from Accumulated Surplus - Note 33.13	-	470 915
	Leases Liabilities not previously recognised transferred from Statement of Financial Performance and Property, Plant & Equipment - See Note 33.16 & 33.07	(144 947)	-
	Total	57 186 351	34 094 001
33.04	Non-Current Employee Benefits		
	Employee Benefits recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	(14 525 316)	-
	Implementation of IAS 19		
	Transfer to Accumulated Surplus/(Deficit) - Note 33.13	(1 311 632)	(14 525 316)
	Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus - Note 33.13	(1 166 428)	(12 990 970)
	Long-service not previously recognised transferred from Accumulated Surplus - Note 33.13	(145 204)	(1 534 346)
	Total	(15 836 948)	(14 525 316)
33.05	Current provisions		
	Provisions transferred from IMFO Provisions and Reserves as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	(80 922)	-
	Implementation of GRAP		
	Transfer from Provisions - Group Insurance - Note 33.02	-	(16 503)
	Transfer from Provisions - Lump sum Pension - Note 33.02	15 941	(64 419)
	Total	(64 981)	(80 922)
33.06	Current Employee Benefits		
	Employee Benefits recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	(775 076)	-
	Implementation of GRAP		
	Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus - Note 33.13	(38 114)	(586 364)
	Long-service not previously recognised transferred from Accumulated Surplus - Note 33.13	128	(188 712)
	Total	(813 062)	(775 076)
33.07	Property, Plant and Equipment - GRAP 17		
	Property, Plant and Equipment recorded as they are required by GRAP.		
	Balance previously reported	52 466 506	40 712 908
	Opening balance GRAP movements 2007	226 907 545	-
	Implementation of GRAP		
	Transfer Loans redeemed and other capital receipts to Accumulated Surplus/deficit - See Note 33.13 below	-	106 350 658
	Transfer Loans redeemed and other capital receipts to Statement of Financial Performance - See Note 33.16	69 280 913	-
	Leases Assets not previously recognised transferred from Accumulated Surplus - Note 33.13	-	1 307 300
	Leases Assets not previously recognised transferred from Statement of Financial Performance and Property, Plant & Equipment - See Note 33.16 & 33.07	209 800	-
	Property, Plant and Equipment previously not recognised transfer from Accumulated Surplus - Note 33.13	-	162 990 297
	Property, plant and equipment identified as Investment Properties - Note 33.09	312 000	(43 740 710)
	Total	349 156 764	267 620 453

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2008 R	2007 R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP (CONTINUE)		
33.08	Accumulated Depreciation - GRAP 17		
	Accumulated Depreciation recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	133 794 088	-
	Implementation of GRAP	13 191 558	118 949 456
	Backlog Depreciation: Land and Buildings	1 329 091	26 893 756
	Backlog Depreciation: Infrastructure	7 470 474	72 285 735
	Backlog Depreciation: Community	444 868	5 357 264
	Backlog Depreciation: Lease Assets	305 352	899 547
	Backlog Depreciation: Other	3 641 773	13 533 154
	Backlog depreciation: Investment Properties	550 972	14 844 632
	Transfer to Accumulated Surplus/(Deficit) - Note 33.13	147 536 618	133 794 088
		2008 R	2007 R
33.09	Investment Properties		
	Investment Properties recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	43 740 710	-
	Implementation of GRAP	(312 000)	43 740 710
	Property, plant and equipment identified as Investment Properties - Note 33.07	43 428 710	43 740 710
	Total	2008 R	2007 R
33.10	Inventory - Water		
	Water Inventory recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	71 152	-
	Implementation of GRAP	12 177	71 152
	Water Inventory not previously recognised transferred from Accumulated Surplus - Note 33.13	83 329	71 152
	Total	2008 R	2007 R
33.11	Intangible Assets		
	Intangible Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	197 464	-
	Implementation of GRAP	-	197 464
	Intangible Assets not previously recognised transferred from Accumulated Surplus - Note 33.13	197 464	197 464
	Total	2008 R	2007 R
33.12	Accumulated Amortisation		
	Accumulated Amortisation on Intangible Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	78 986	-
	Implementation of GRAP	-	78 986
	Accumulated Amortisation not previously recognised transferred from Accumulated Surplus - Note 33.13	39 601	-
	Accumulated Amortisation not previously recognised transferred from Statement of Financial Performance - See Note 33.16	118 587	78 986
	Total	2008 R	2007 R

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2008	2007
		R	R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP (CONTINUE)		
33.13	Accumulated Surplus/(Deficit)		
	Movements on Accumulated Surplus recorded as they are required by GRAP.		
	Implementation of GRAP		
	Non-current Employee Benefits previously not recognised - Note 33.04	-	(14 525 316)
	Current Employee Benefits previously not recognised - Note 33.06	-	(775 076)
	Transfer from Loans Redeemed and Other Capital Receipts - Note 33.07	-	106 350 658
	Property Plant & Equipment not previously recognised - Note 33.07	-	162 990 297
	Water Inventory not previously recognised - Note 33.10	-	71 152
	Intangible Assets not previously recognised - Note 33.11	-	197 464
	Accumulated Amortisation not previously recognised - Note 33.12	-	(78 986)
	Lease Assets - Redemption previously recognised as expenditure - Transfer to PPE - Note 33.07	-	1 307 300
	Lease liability - Redemption previously recognised as expenditure - Transfer to Long Term Liabilities Note 33.03	-	(470 915)
	Restatement of Allowance for Impairment out of surplus - Note 16 and Note 33.18	-	(9 580 763)
	Backlog depreciation - Note 33.08	-	(133 794 088)
	Retained earnings creditor created for land sales per accrual basis - Note 33.19	-	(2 409 484)
	Liability receivable moved to General Expenditure - Note 33.16 & 33.20	-	(7 489 531)
	Operating Lease Asset previously not recognised - Note 33.14	-	3 798
	Operating Lease Liability previously not recognised - Note 33.15	-	(8 213)
	Accruing for fine income that should have been raised in prior years - Note 33.20	-	1 281 112
	Restatement of fair values of Long Term Receivables - Note 33.16 and Note 33.17	-	(21 870)
	Total	-	103 047 539
33.14	Operating Lease Assets		
	Operating Lease Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	3 798	-
	Implementation of GRAP		
	Operating Lease Asset previously not recognised for opening balance - Note 18.2 and Note 33.13	-	3 798
	Operating Lease Asset previously not recognised for 2007-08 - Note 18.2 and Note 33.16	(1 628)	-
	Total	2 172	3 798
33.15	Operating Lease Liability		
	Operating Lease Liabilities recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2007	(8 213)	-
	Implementation of GRAP		
	Operating Lease Liability previously not recognised for opening balance - Note 18.1 and Note 33.13	-	(8 213)
	Operating Lease Liability previously not recognised for 2007-08 - Note 18.1 and Note 33.16	(1 856)	-
	Total	(10 069)	(8 213)
33.16	Changes to Statement of Financial Performance		
	Movements on Operating account recorded as they are required by GRAP.		
	Balance previously reported	6 306 177	-
	Implementation of GRAP and IAS 39 - Financial Instruments		
	Redemption expenditure according to IMFO not an expense according to GRAP	2 413 948	-
	Interest received on Reserves under IMFO but as income under GRAP	1 995 318	-
	Recording of disposal of Assets.	(1 236 053)	-
	Contribution to a reserve that do not exist in GRAP during the year.	2 215 240	-
	Inventory items recorded in operating accounts according to IMFO	812 365	-
	Contribution to Allowance for impairment incorrectly disclosed in IMFO.	(7 922 143)	-
	Recording Depreciation on Assets for the year ended 30 June 2008.	(13 191 672)	-
	Operating Lease transaction to Finance Leased transactions for the year 2007/08	354 749	-
	Recording Depreciation on Investment Properties for the year ended 30 June 2008.	(550 972)	-
	Funding of Asset out of Government Grants corrected in operating.	62 266 483	-
	Correct all transactions that IMFO recorded in Accumulated Surplus account to operating accounts according to GRAP.	656 358	-
	Recording of Employee benefits for the year 2007-08	(1 349 618)	-
	Calculation of Water inventory movement for the year 2007-08	12 177	-
	Correction of Allowance for Impairment contribution.	693 714	-
	Recording Amortisation on Intangible assets for the year 2007-08.	(39 601)	-
	External loans that was redeemed during the year and still have outstanding balances.	(69 057)	-
	Adjusting the operating lease asset for the previous year - Note 33.14 and Note 18.2	(1 628)	-
	Liability receivable moved to General Expenditure - Note 33.13 & 33.20	(3 009 933)	-
	Adjusting the operating lease liability for the previous year - Note 33.15 and Note 18.1	(1 856)	-
	Restatement of Allowance for Impairment out of operating account - Note 16 and Note 33.18	4 816 187	-
	Restatement of interest revenue - Unamortised discount - Note 33.17 and Note 33.13	3 521	-
	Recording of Traffic Fine Provision for the year 2007-08	(381 238)	-
	Total	54 792 468	-